

# **TEKSTILBANK**

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*Earnings Presentation*  
*March 31, 2010 / BRSA Bank-Only*

*Focal points in 2009 were:*

- Preserving capital
- Maintaining optimum liquidity
- Close cost monitoring

*Highlights of Q1 2010:*

- Margin focus rather than volume growth
  - Redemption of lower yielding loans
  - Avoiding the price competition on deposit side
- Increasing share of securities
- Strong capital adequacy ratio: 22%
- Significant improvement in cost of risk
  - No additional NPL in Q1 2010

*13% YoY increase in consolidated net income in Q1 2010 despite shrinking balance sheet*

# Looking into 2010...

## Macro

### ***More encouraging macroeconomic environment:***

- GDP Growth of 4.0%, following a shrinkage of 4.7% in 2009
- CBT expects to maintain low policy rates; yet with gradual rate hikes starting from Q42010
- Back to growth in global economy

## Banking Sector

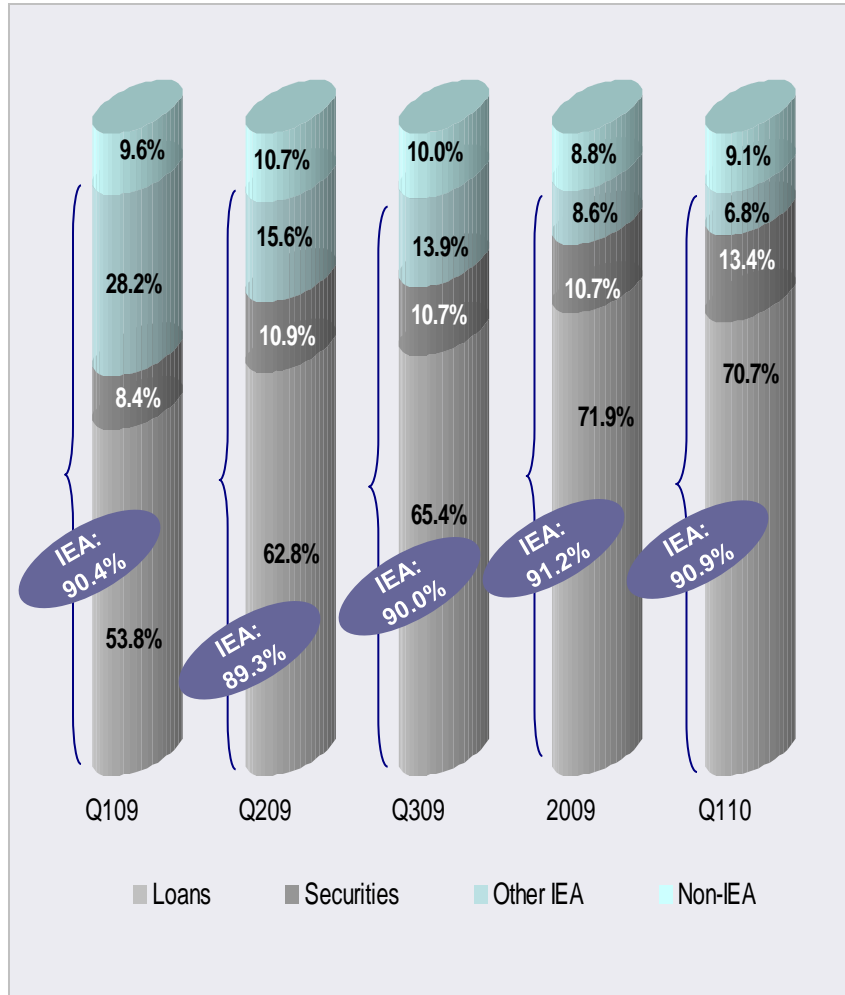
- Volume growth gaining pace:
  - 10-15% loan growth
  - 10-13% deposit growth
- Pressure on NIM with the end of CBT's easing cycle and increased competitive pressure
- Improvement in asset quality

## Tekstilbank

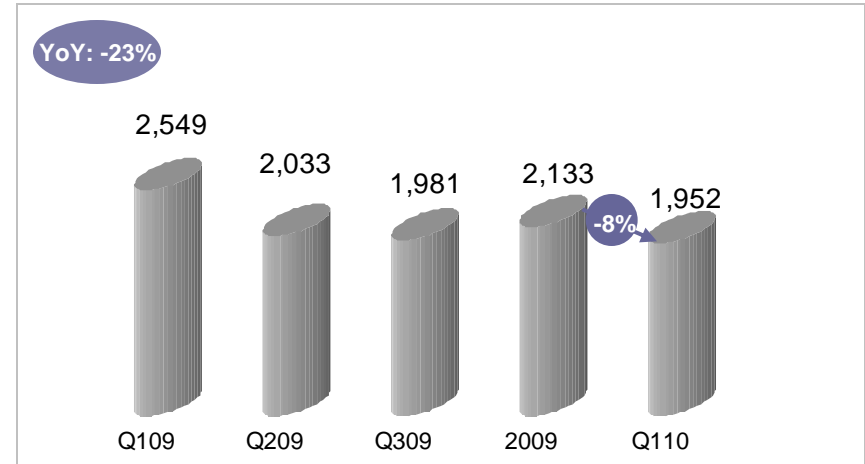
- Pressure on NIM in line with the sector
- Improvement in asset quality to continue
- Cost of risk to come down to pre-crisis levels (around 2%)
- Costs to continue to be under control

# Increasing share of securities...

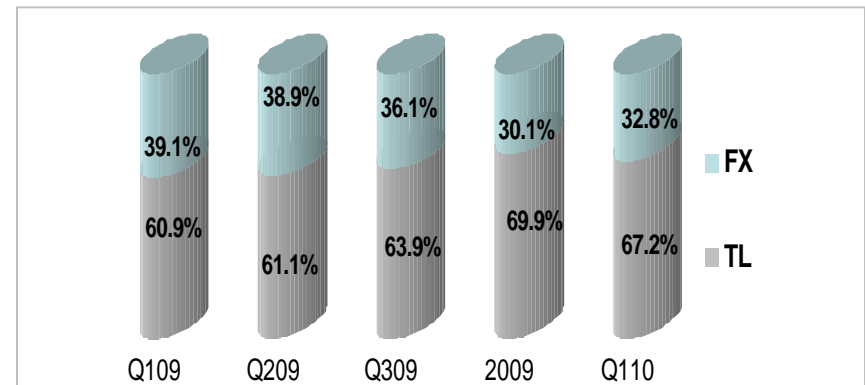
## Composition of Assets



## Total Assets (TRY mn)

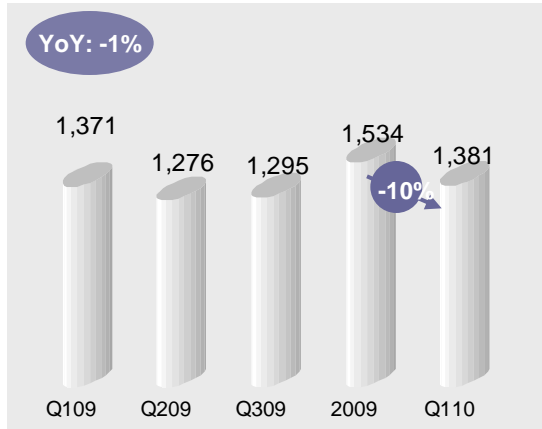


## Currency Composition of Assets

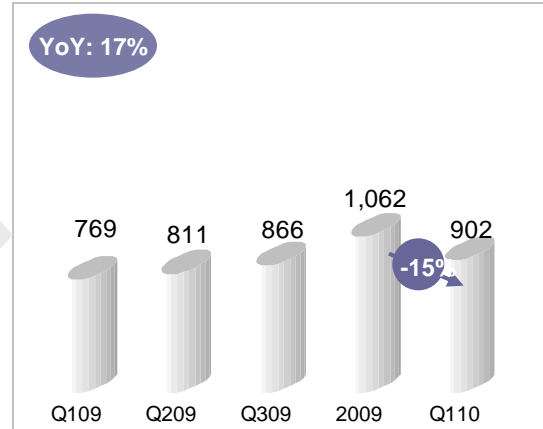


# Margin focus intensifies: redemption of lower yielding loans...

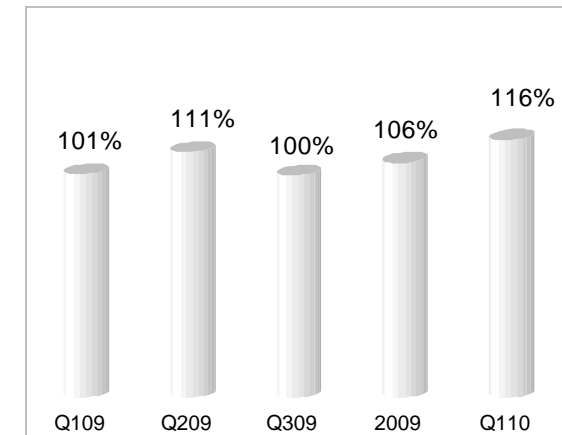
## Total Cash Loans (TRY mn)



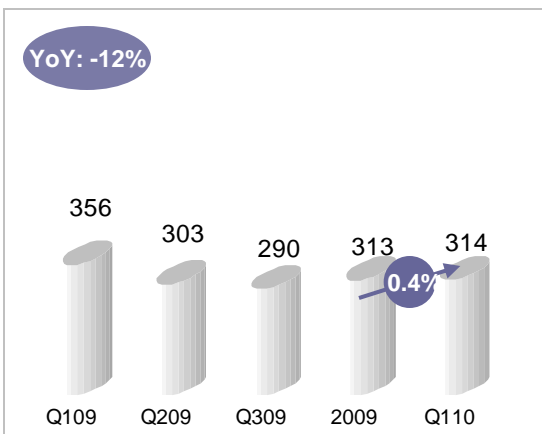
## TL Cash Loans (TRY mn)



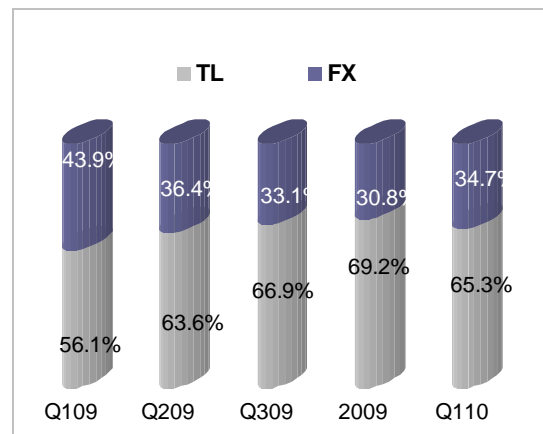
## Loans / Customer Deposits



## FX Cash Loans (US\$ mn)



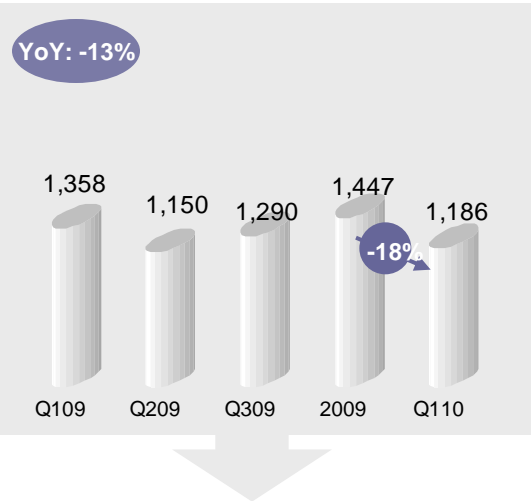
## Currency Breakdown of Cash Loans



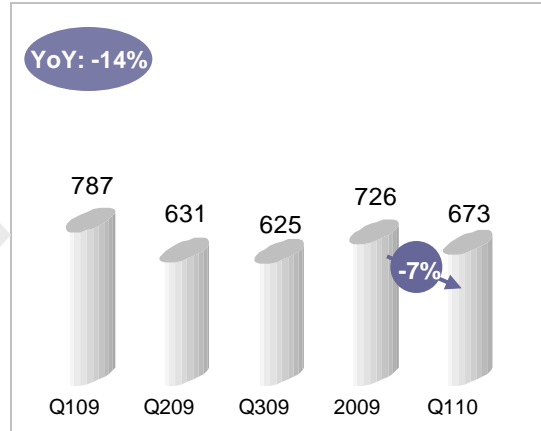
FX indexed cash loans are included in FX cash loans

# Accordingly, release of high cost deposits...

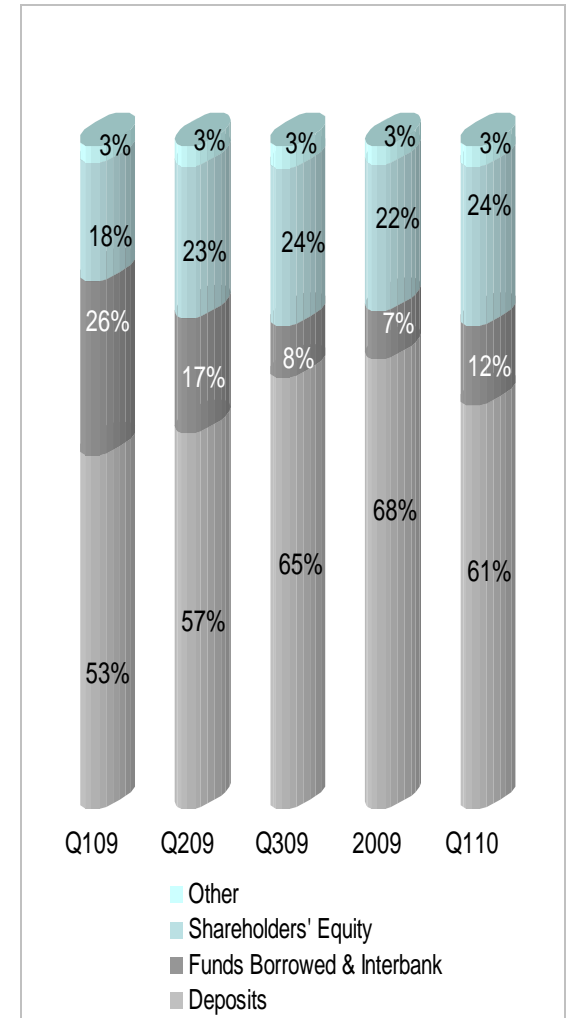
## Total Deposits\* (TRY mn)



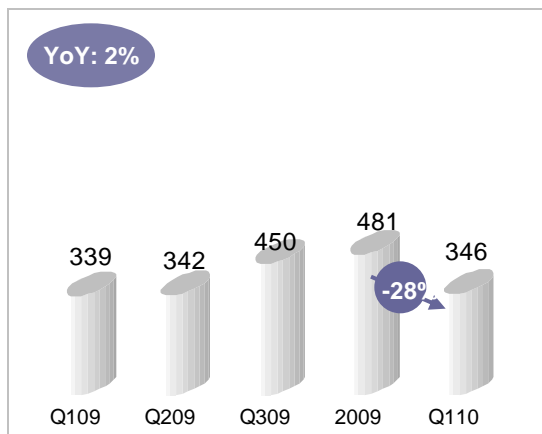
## TL Deposits\* (TRY mn)



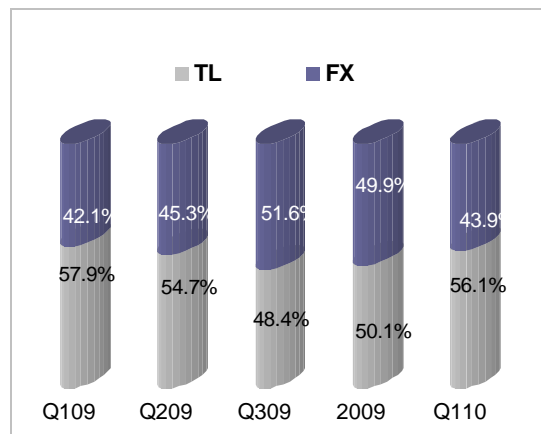
## Composition of Liabilities & SHE



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



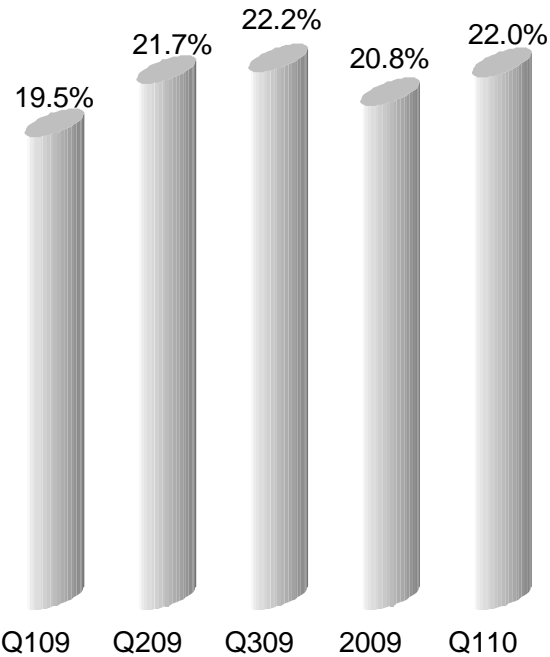
## Currency Breakdown\*



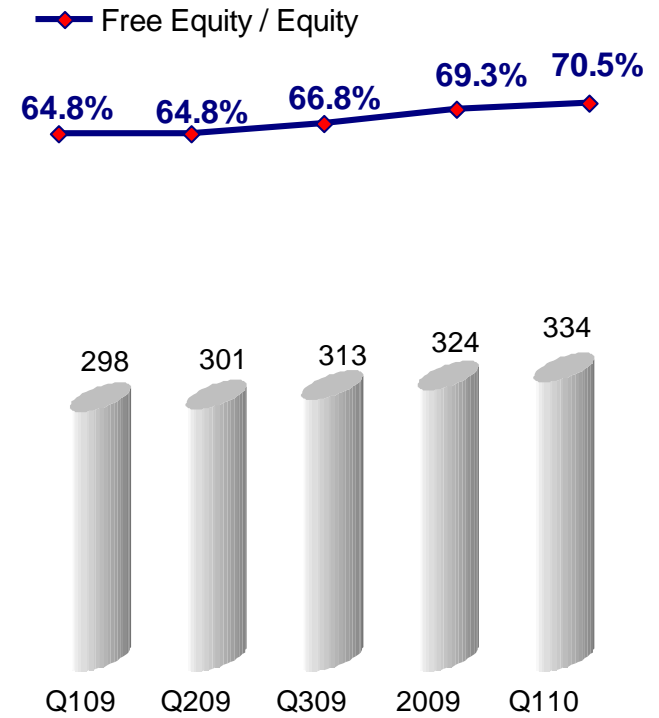
\* Excluding bank deposits

# Strong capital: Capital adequacy at 22%

## Capital Adequacy Ratio (CAR)



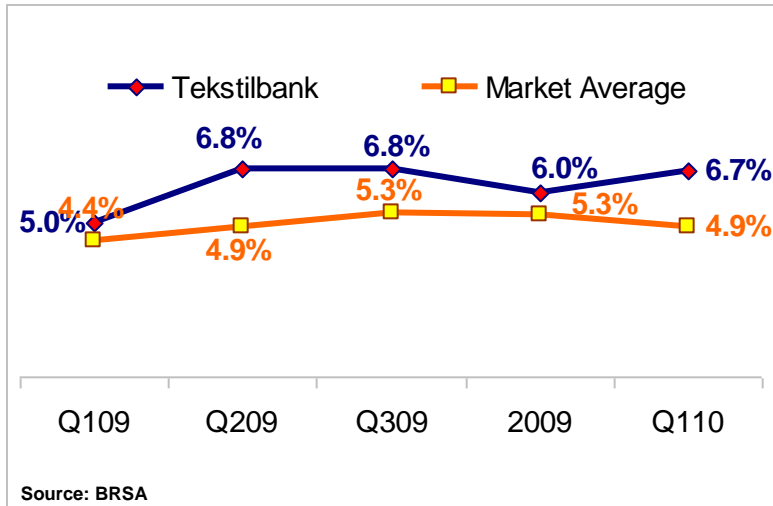
## Free Equity (TRY mn)



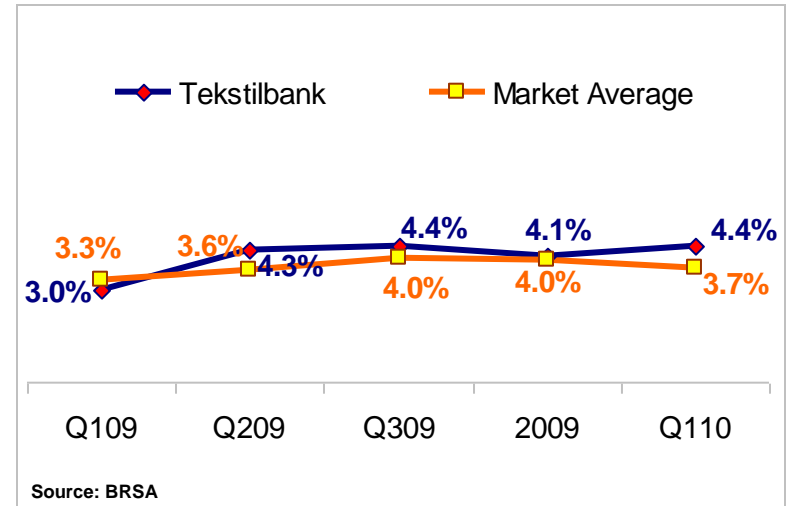
Free Equity: SHE-subidiaries-property & equipment-intangible assets-property & equipment held for sale-unprovisioned NPL

# Significant improvement in asset quality, translating into a considerable decline in cost of risk...

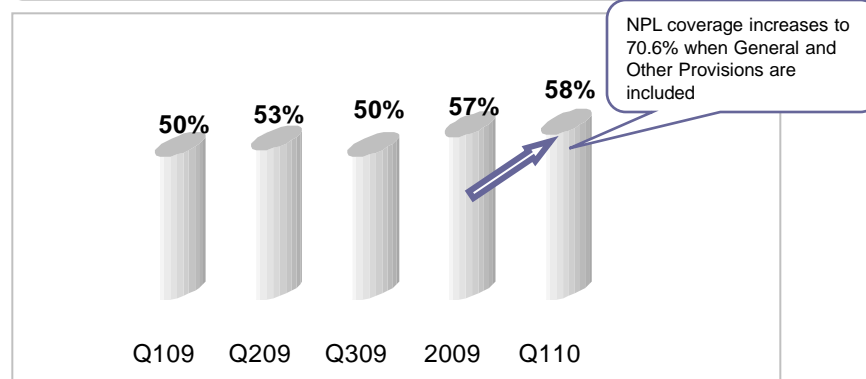
## NPL Ratio



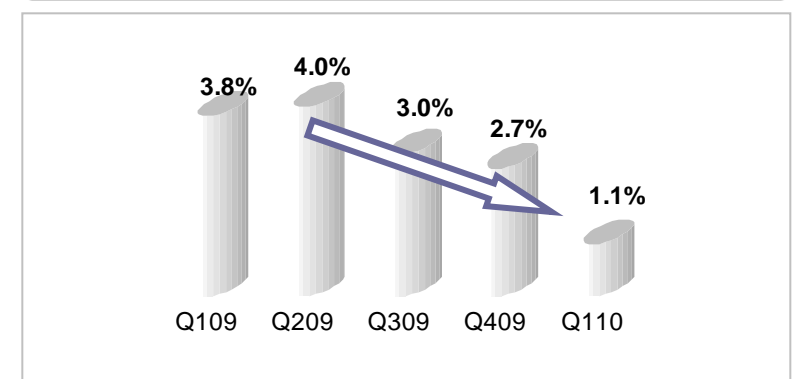
## NPL Ratio (including non-cash loans)



## NPL Coverage



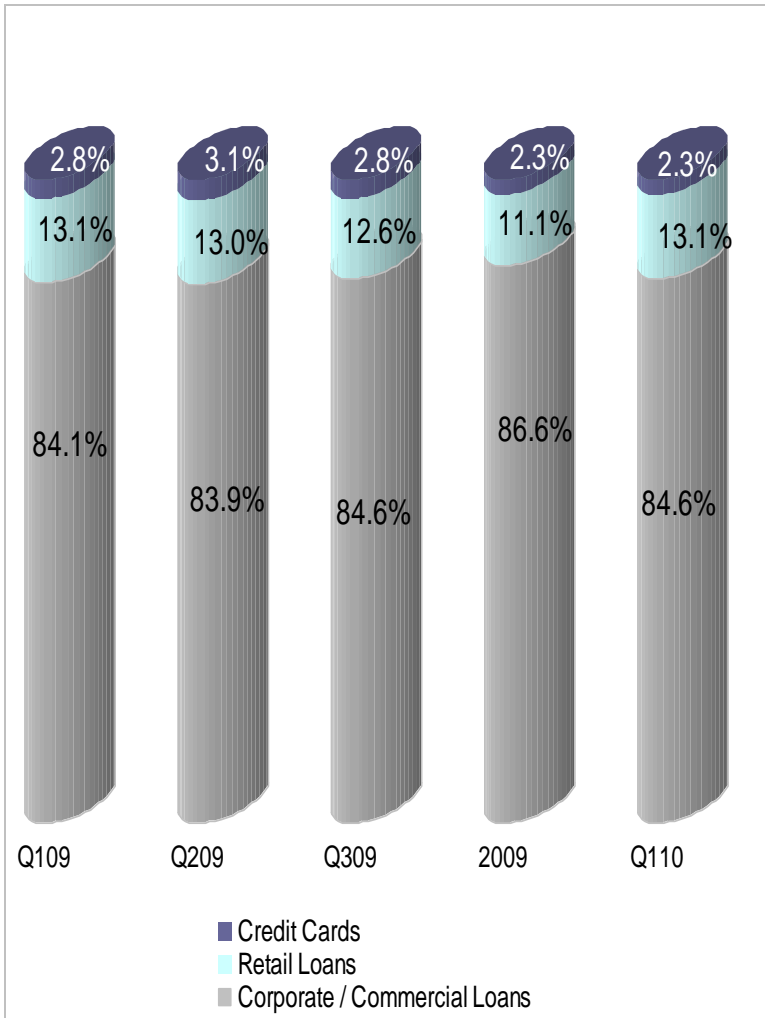
## Cost of Risk



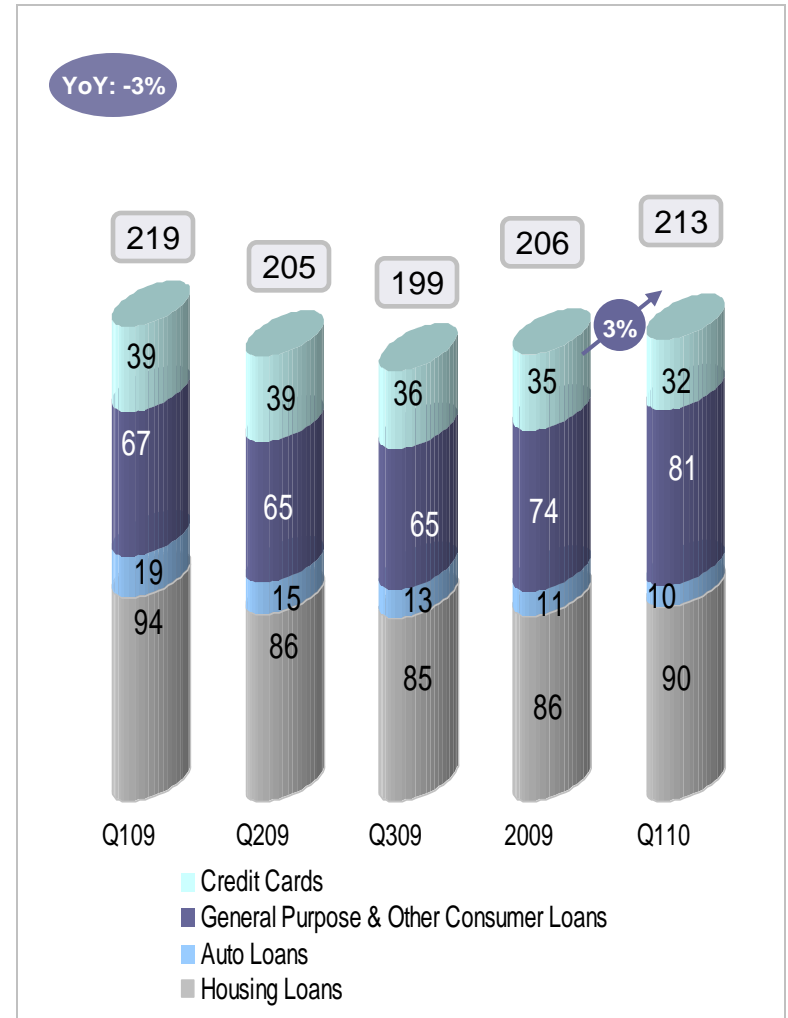


# Retail banking...

## Breakdown of Loan Portfolio



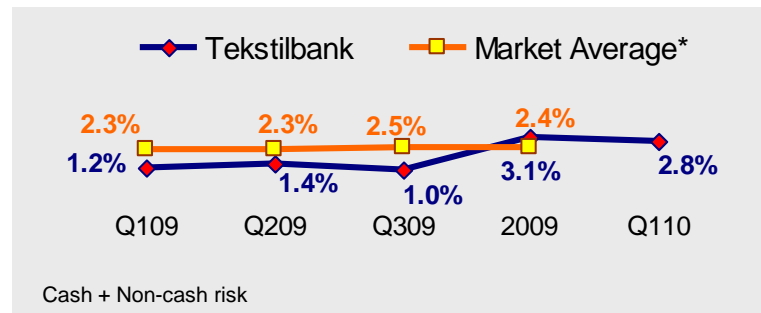
## Breakdown of Retail Loans (TRY mn)



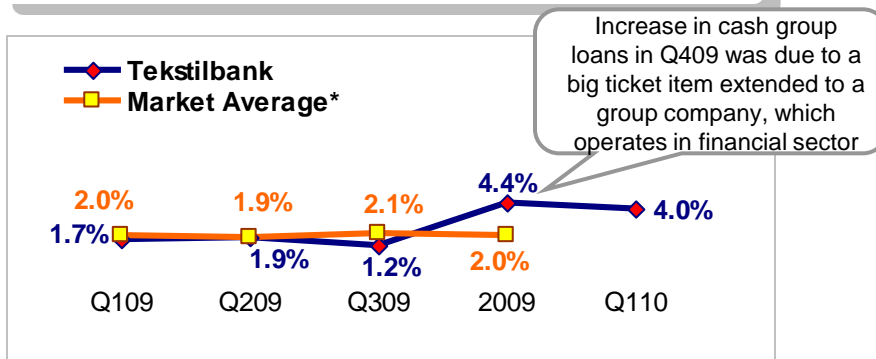
# Group Loans...

*Related party exposure has been historically below market average...*

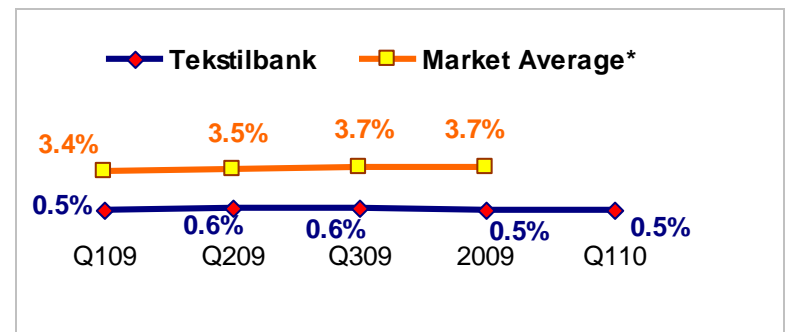
## Group Total Risk / Total Risk



## Group Cash Loans / Cash Loans



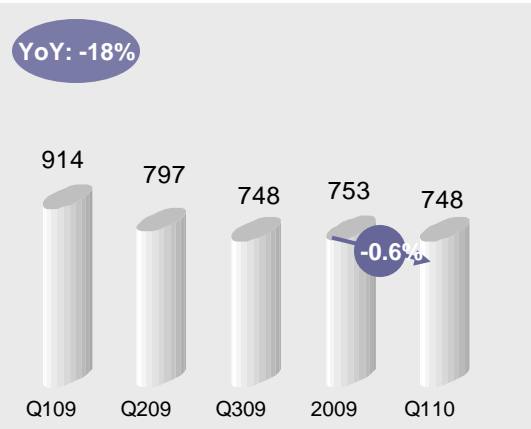
## Group Non-Cash Loans / Non-Cash Loans



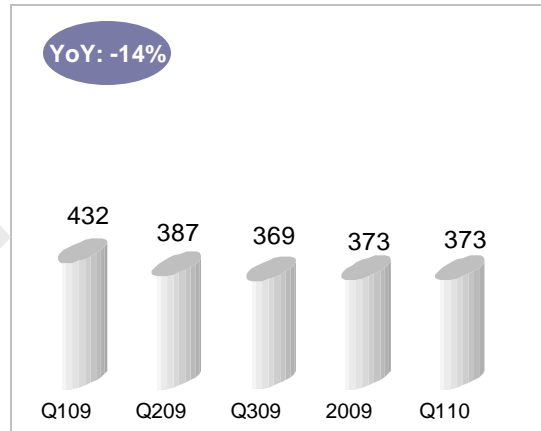
\* Selected 22 banks' average (public banks are excluded) for March 31 2010 is not available yet

# Non-cash loans...

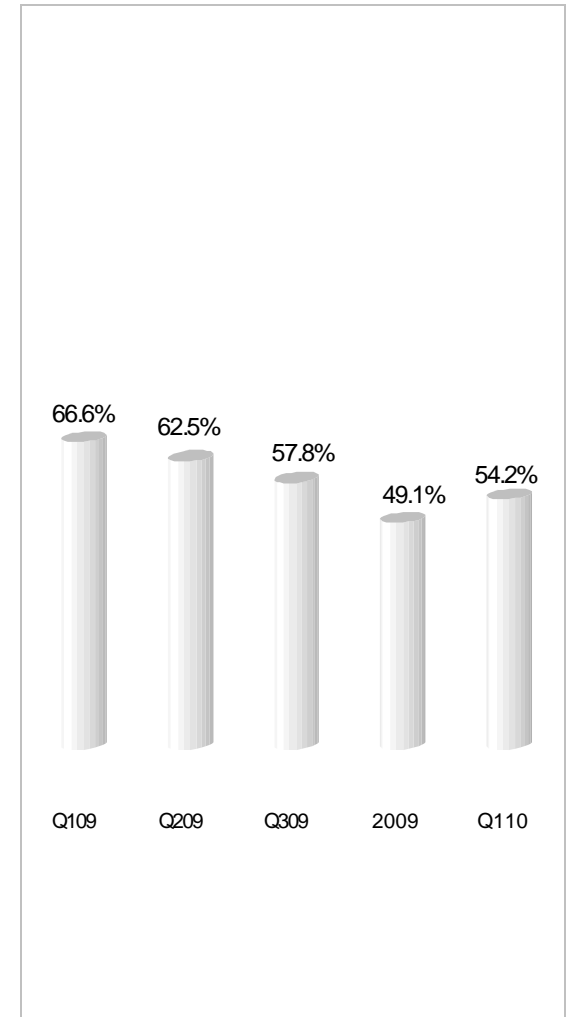
## Total Non-Cash Loans (TRY mn)



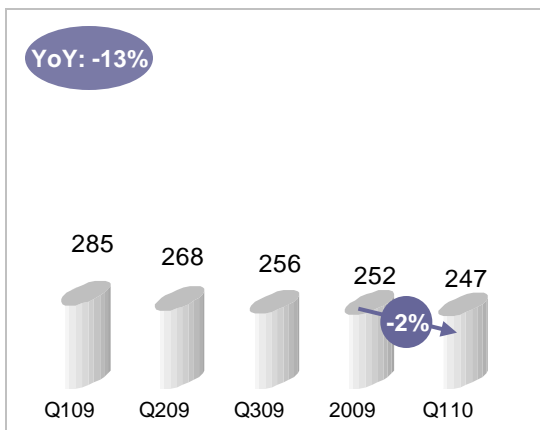
## TL Non-Cash Loans (TRY mn)



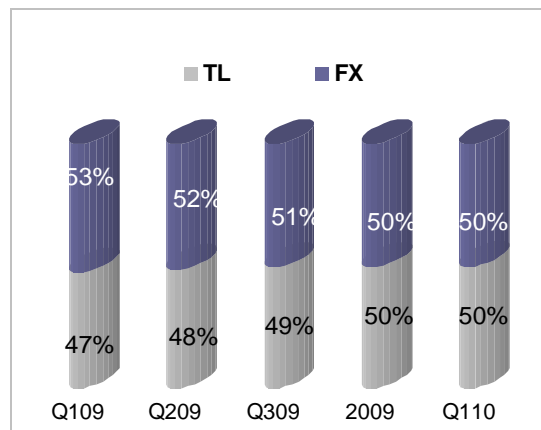
## Non-Cash / Cash Loans



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

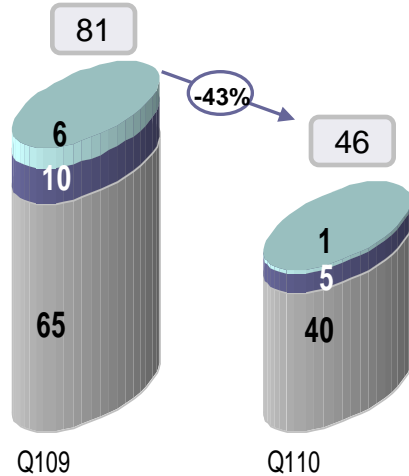


## Currency Breakdown of Non-Cash Loans

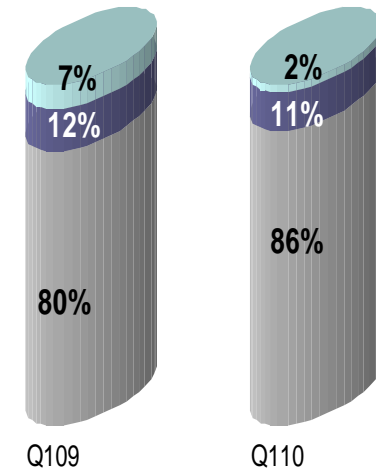


# Interest Income & Expense...

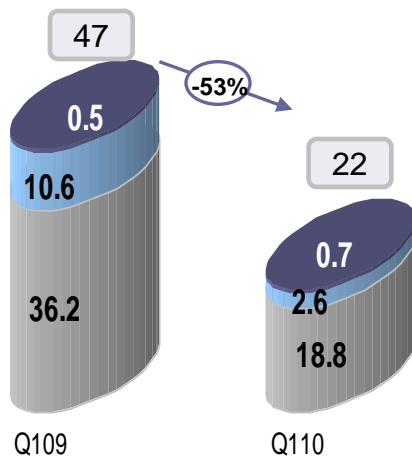
## Interest Income (TRY mn)



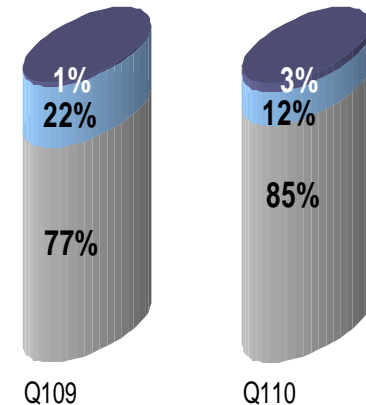
## Composition of Interest Income



## Interest Expense (TRY mn)

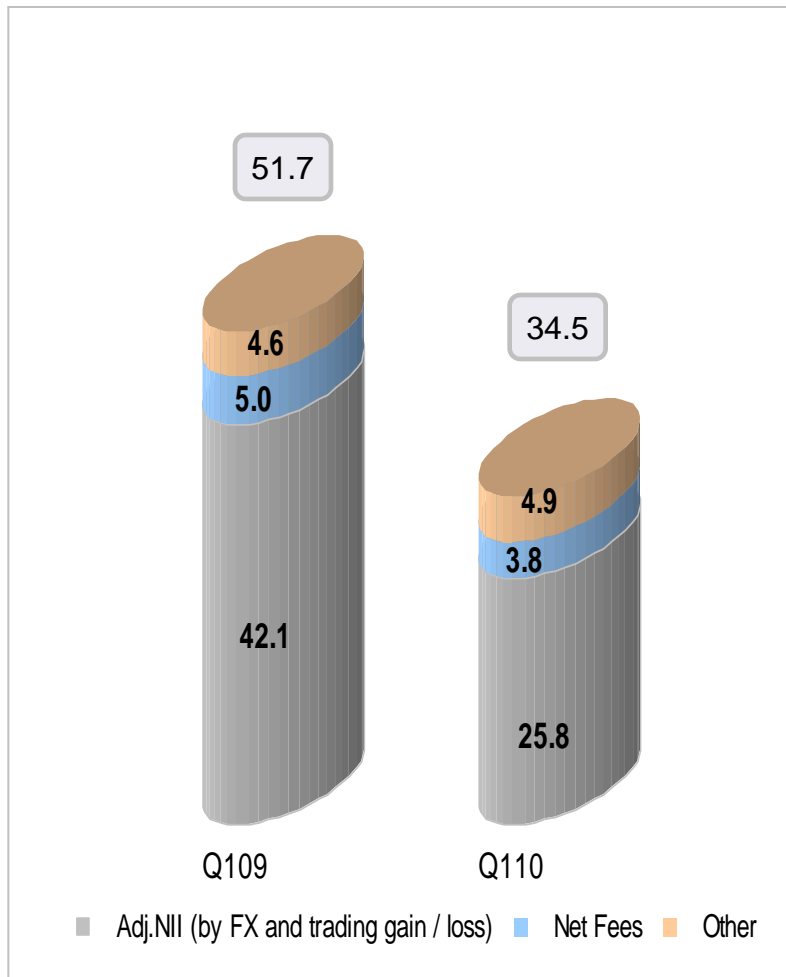


## Composition of Interest Expense

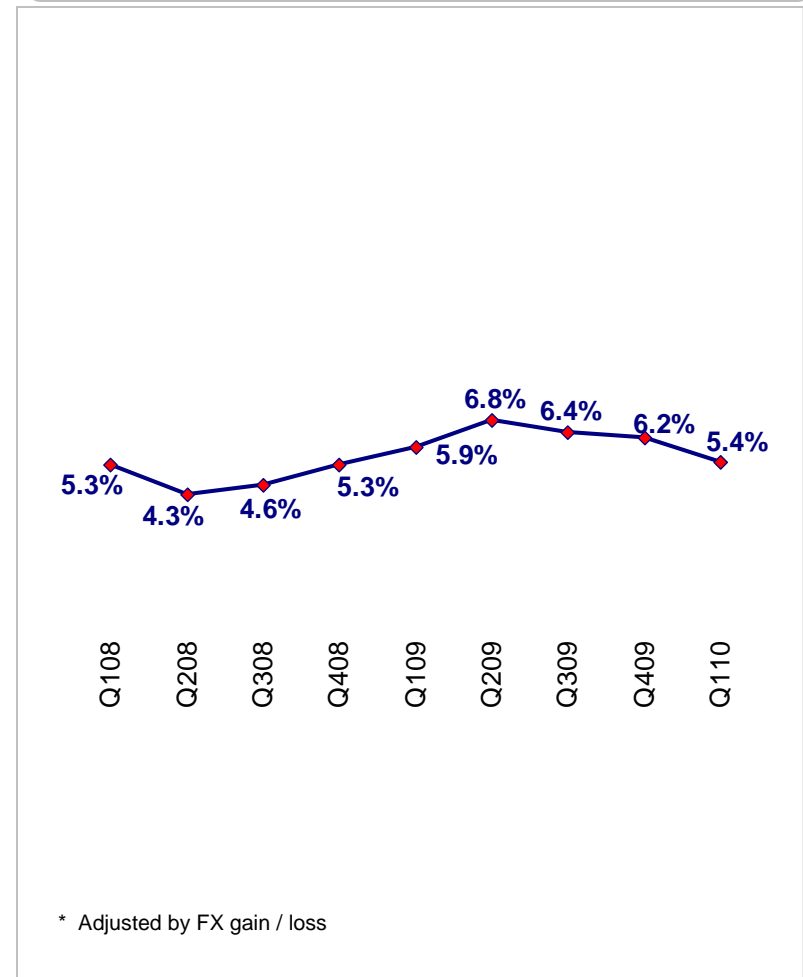


# Margin pressure continues...

## Banking Income (TRY mn)

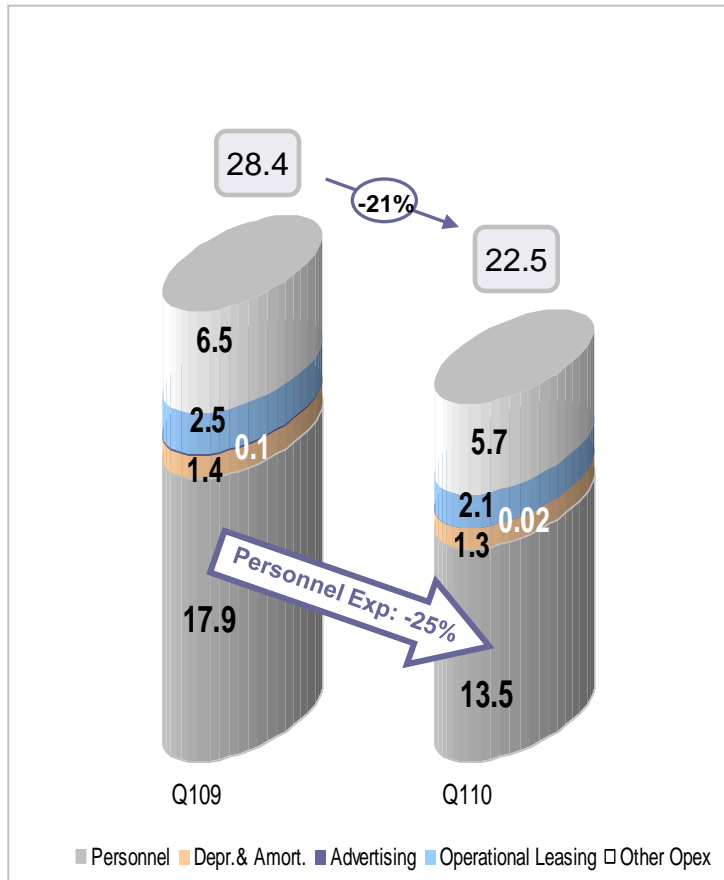


## Adjusted Net Interest Margin\*

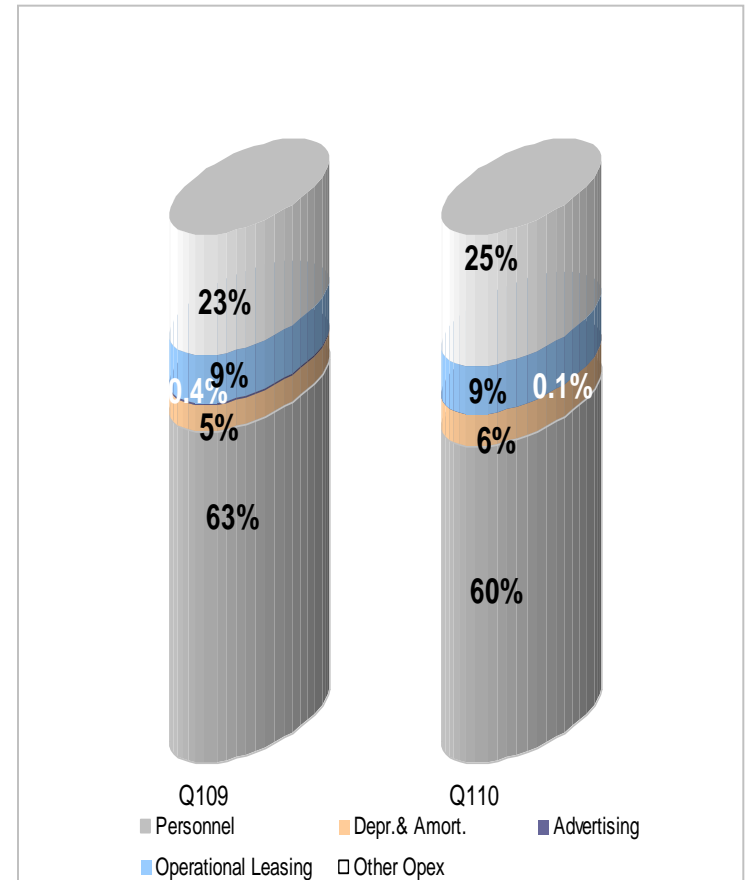


# Strict cost measures paid off...

## Operating Expenses (TRY mn)



## Composition of Operating Expenses



# Summary Balance Sheet...

TRY mn	Q109	2009	Q110
<b>Cash &amp; Banks</b>	739	201	148
<b>Total Securities</b>	215	229	262
<b>Total Cash Loans</b>	1,371	1,534	1,381
<b>Fixed Assets &amp; Subsidiaries</b>	126	102	98
<b>Other</b>	98	68	63
<b>Total Assets</b>	<b>2,549</b>	<b>2,133</b>	<b>1,952</b>
<b>Deposits*</b>	1,358	1,447	1,186
<b>Interbank Money Market*</b>	4	9	85
<b>Borrowings</b>	663	146	149
<b>Other</b>	65	63	59
<b>SHE</b>	459	468	473
<b>Total Liabilities &amp; SHE</b>	<b>2,549</b>	<b>2,133</b>	<b>1,952</b>

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

# Summary Income Statement...

TRY mn	Q109	Q110
<b>Interest Income</b>	<b>81.4</b>	<b>46.2</b>
<i>Loans</i>	65.3	40.0
<i>Securities</i>	10.1	5.3
<i>Other</i>	6.1	1.0
<b>Interest Expense</b>	<b>47.4</b>	<b>22.1</b>
<i>Deposits</i>	36.2	18.8
<i>Funds Borrowed</i>	10.6	2.6
<i>Interbank &amp; Other</i>	0.5	0.7
<b>Net Interest Income</b>	<b>34.1</b>	<b>24.1</b>
<i>Net FX Gain (Loss)*</i>	2.7	1.0
<b>Adj. Net Interest Income</b>	<b>36.8</b>	<b>25.1</b>
<i>Net Trading Income (Loss)*</i>	5.3	0.7
<i>Net Fees &amp; Commissions</i>	5.0	3.8
<i>Other Operating Income</i>	4.6	4.9
<b>Total Operating Income</b>	<b>51.8</b>	<b>34.5</b>
<i>Provisions</i>	14.7	5.8
<i>Opex</i>	28.4	22.5
<i>Profit from Subsidiaries</i>	0.0	0.3
<b>Profit Before Tax</b>	<b>8.6</b>	<b>6.4</b>
<i>Tax</i>	1.4	1.5
<b>Net Income</b>	<b>7.2</b>	<b>4.9</b>

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



# Summary Income Statement (Consolidated)...

TRY mn	Q109	Q110
<b>Interest Income</b>	<b>82.8</b>	<b>46.6</b>
<i>Loans</i>	66.5	40.2
<i>Securities</i>	10.2	5.4
<i>Other</i>	6.1	1.0
<b>Interest Expense</b>	<b>48.8</b>	<b>22.2</b>
<i>Deposits</i>	38.4	18.9
<i>Funds Borrowed</i>	9.9	2.6
<i>Interbank &amp; Other</i>	0.5	0.7
<b>Net Interest Income</b>	<b>34.0</b>	<b>24.4</b>
<i>Net FX Gain (Loss)*</i>	2.0	1.0
<b>Adj. Net Interest Income</b>	<b>36.0</b>	<b>25.4</b>
<i>Net Trading Income (Loss)*</i>	5.8	2.4
<i>Net Fees &amp; Commissions</i>	5.6	4.5
<i>Other Operating Income</i>	4.6	4.8
<b>Total Operating Income</b>	<b>51.9</b>	<b>37.0</b>
<i>Provisions</i>	14.7	4.4
<i>Opex</i>	29.5	23.7
<i>Profit from Subsidiaries</i>	0.0	0.0
<b>Profit Before Tax</b>	<b>7.7</b>	<b>8.9</b>
<i>Tax</i>	-1.4	-1.8
<b>Net Income</b>	<b>6.3</b>	<b>7.1</b>

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

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