

TEKSTILBANK

Earnings Presentation
March 31, 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 Q1 2011:

- Balance sheet growth successfully continued
 - Increasing share of TL loans
- Reserve requirement increases dominated balance sheet management
- Strong capital adequacy ratio at 19%, vs. deposit banks' average at 17%
- Improvement in NPL ratio

Looking into 2011...

Macro

- A healthier growth rate of around 5% vs. 9% recorded in 2010
- Higher anxiety over expanding C/A deficit, and fragile financing structure
- Extra fiscal measures are possible after general elections in June
- Spotlight on inflationary pressures
- Tightening monetary policy; further increase in reserve requirements, conceivably followed by policy rate hikes in 4Q11

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

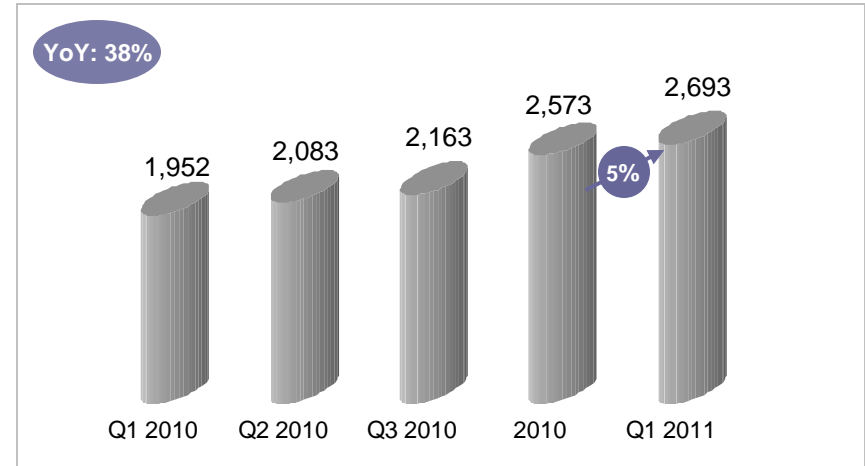
- Preserving cautious growth policy
- Increasing cross-selling opportunities for profitability
- Maintaining free equity
- Achieving additional improvement in asset quality

Asset growth above market average...

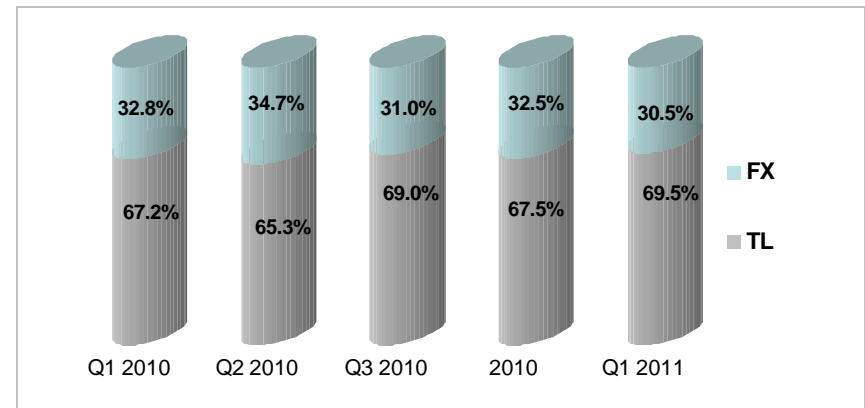
Composition of Assets



Total Assets (TLmn)

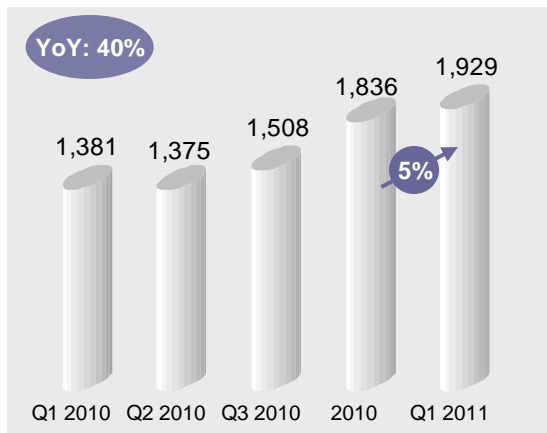


Currency Composition of Assets

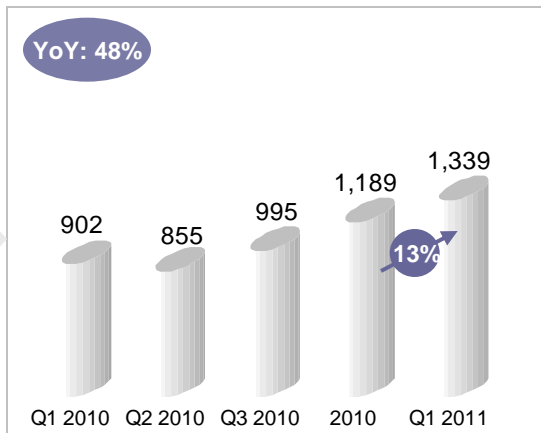


Strong momentum in TL loans...

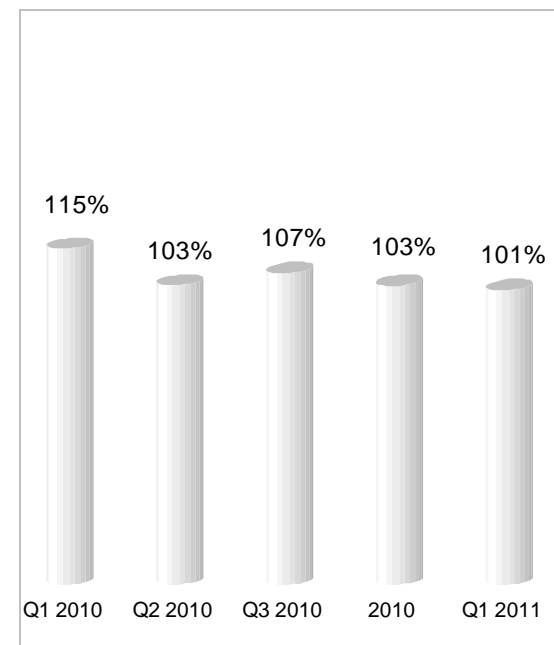
Total Cash Loans (TLmn)



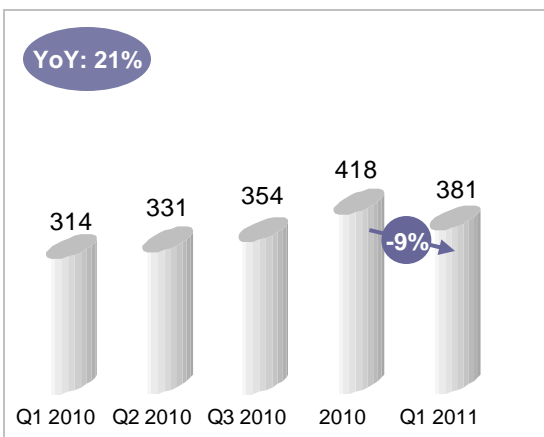
TL Cash Loans (TLmn)



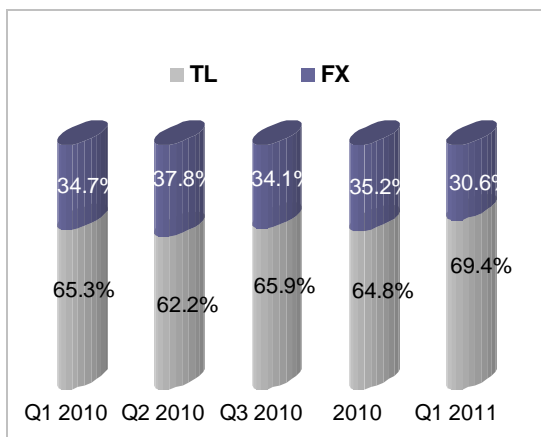
Loans / Customer Deposits



FX Cash Loans (US\$m)



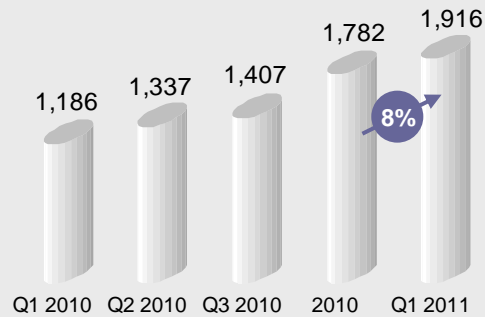
Currency Breakdown of Cash Loans



Lower TL, higher F/X deposits...

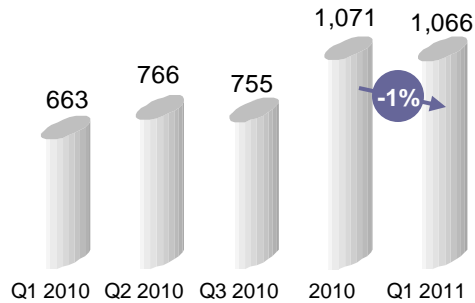
Total Deposits* (TLmn)

YoY: 62%

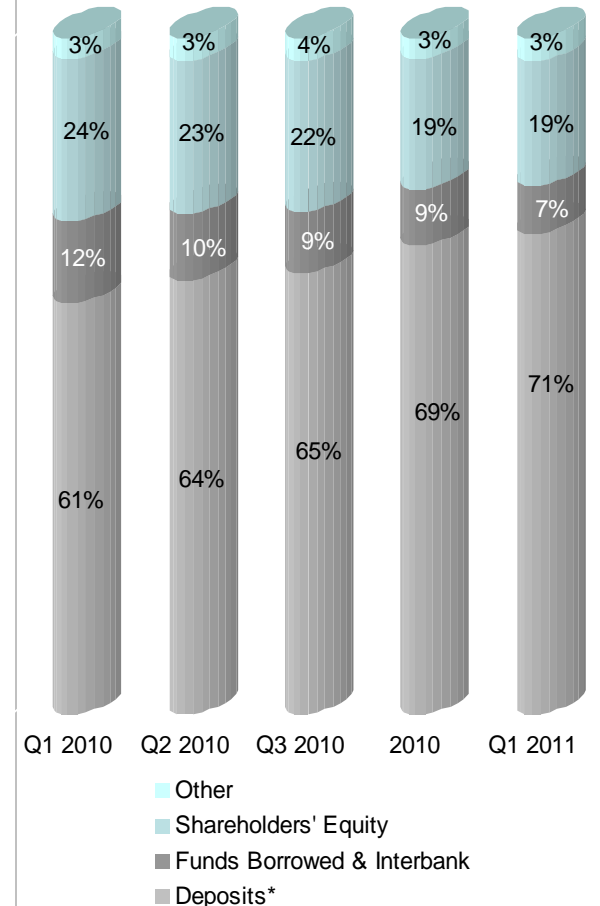


TL Deposits* (TLmn)

YoY: 61%

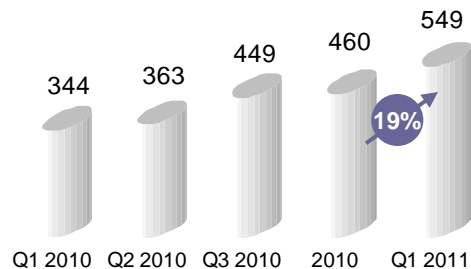


Composition of Liabilities & SHE

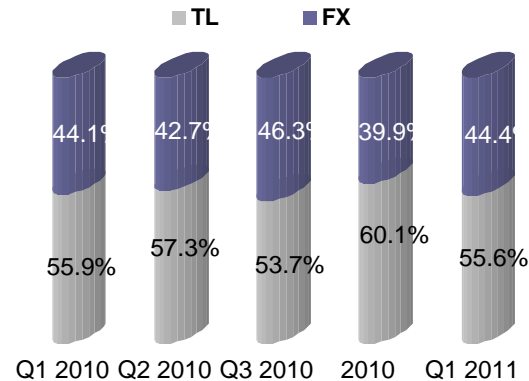


FX Deposits* (US\$mn)

YoY: 60%



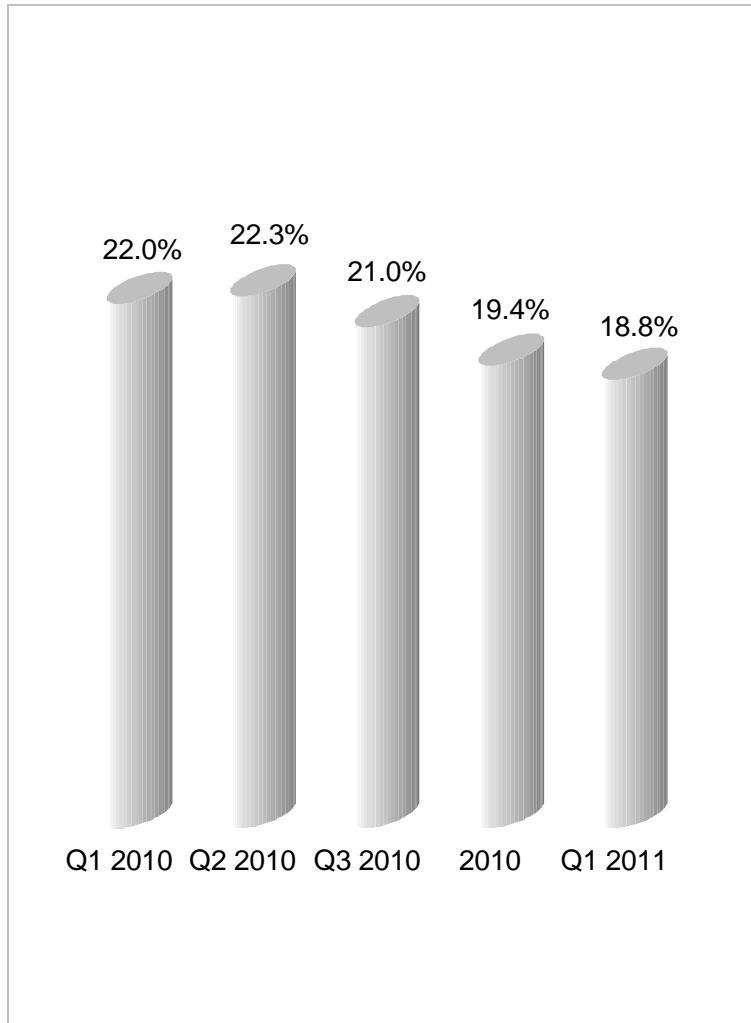
Currency Breakdown*



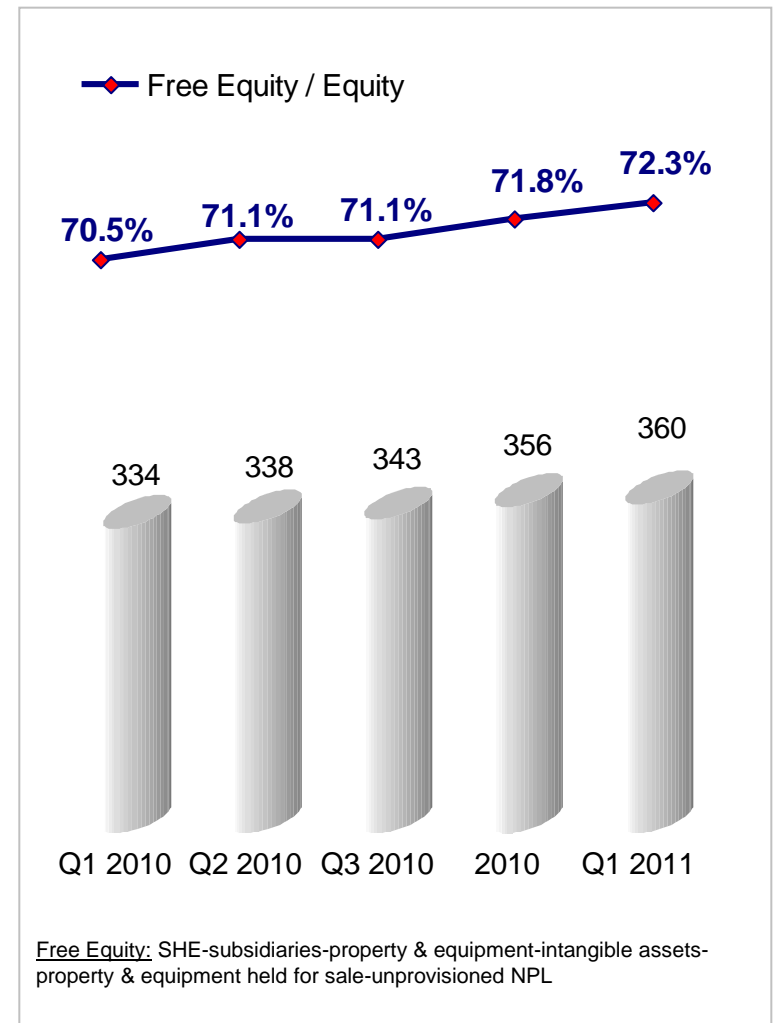
* Excluding bank deposits

Further increase in free equity...

Capital Adequacy Ratio (CAR)



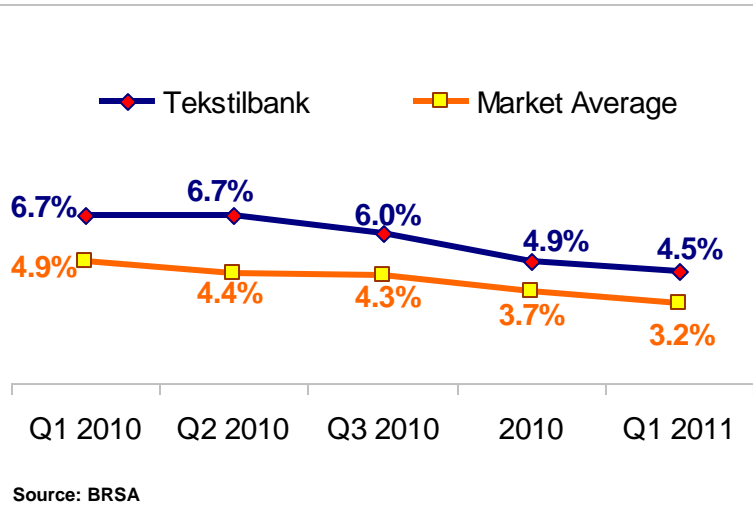
Free Equity (TLmn)



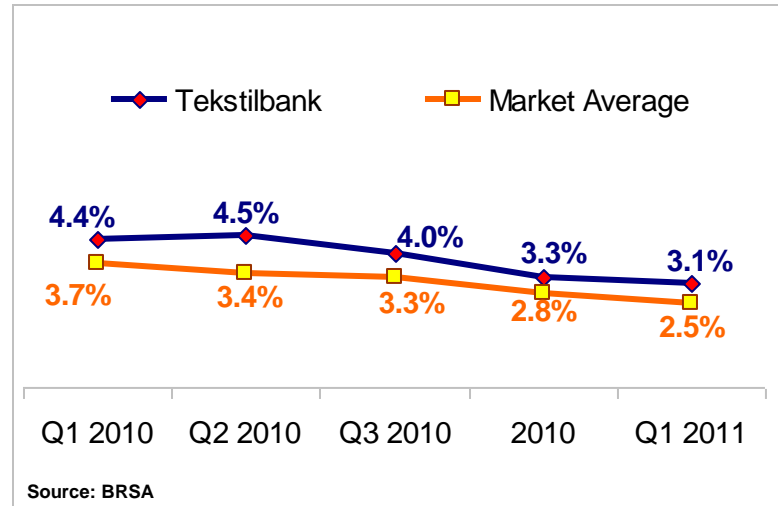
Free Equity: SHE-subidiaries-property & equipment-intangible assets-property & equipment held for sale-unprovisioned NPL

Improvement in asset quality...

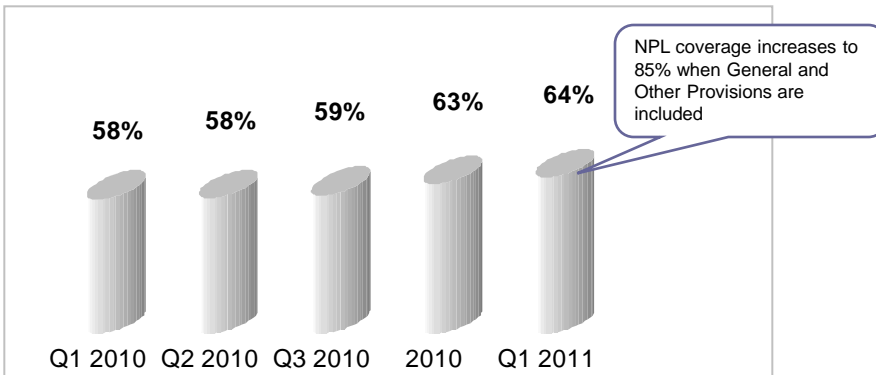
NPL Ratio



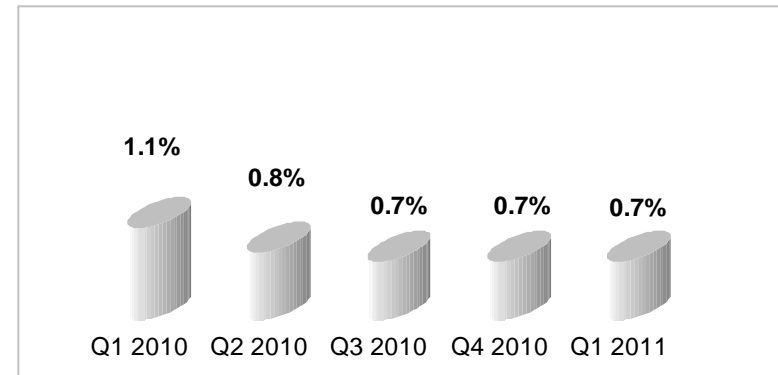
NPL Ratio (including non-cash loans)



NPL Coverage

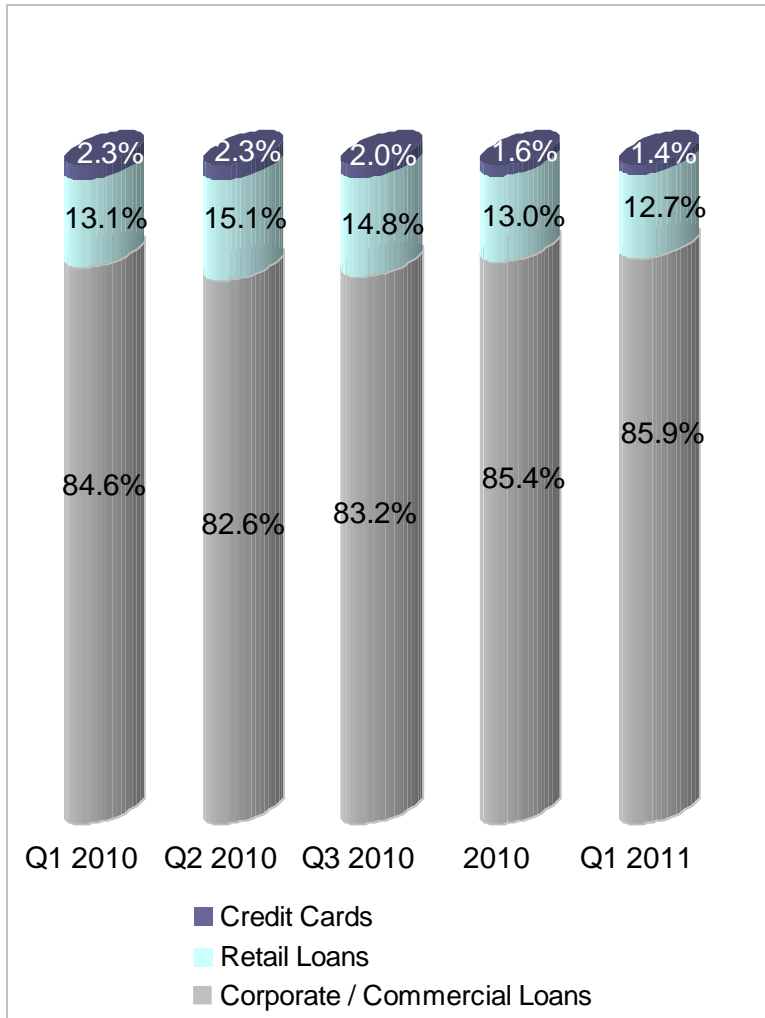


Cost of Risk

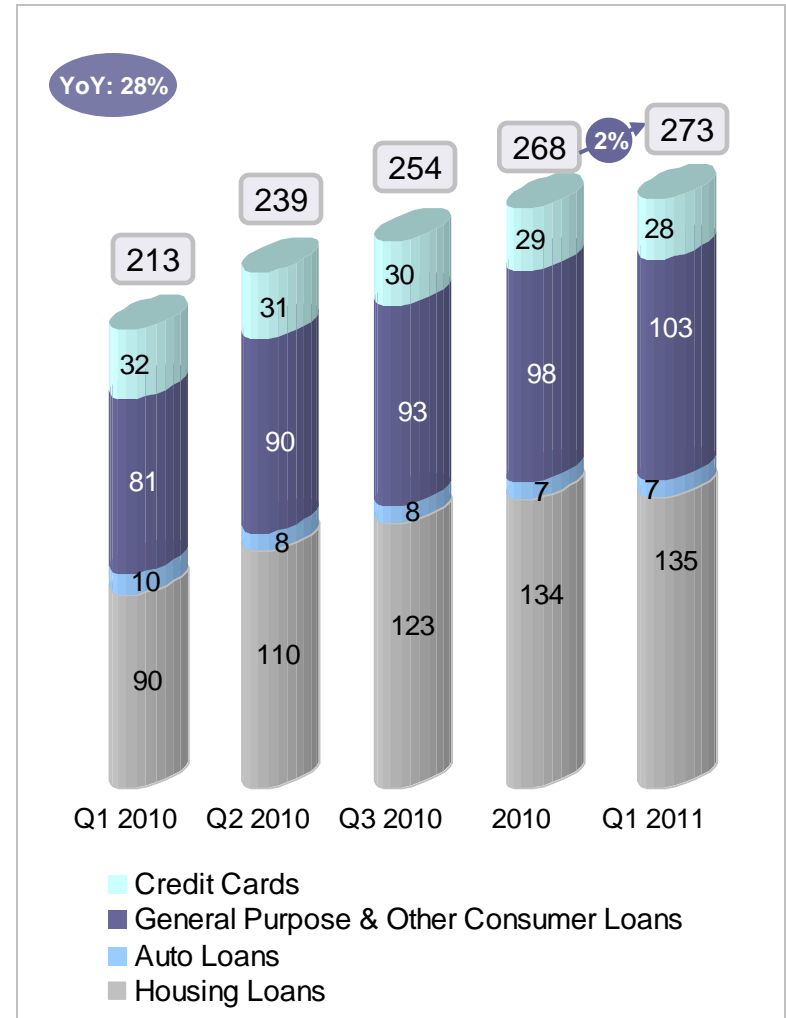


Strong corporate loan growth...

Breakdown of Loan Portfolio

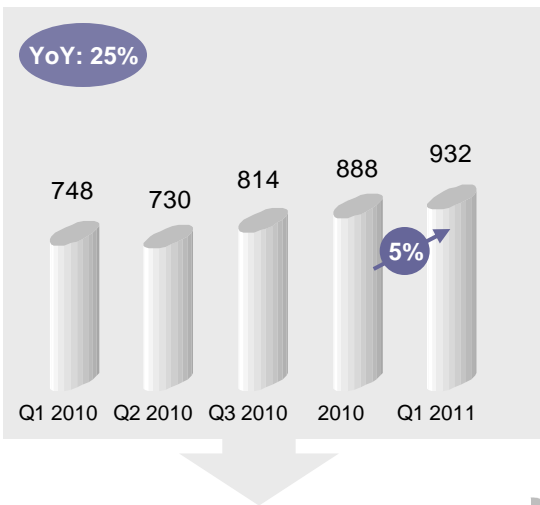


Breakdown of Retail Loans (TLmn)

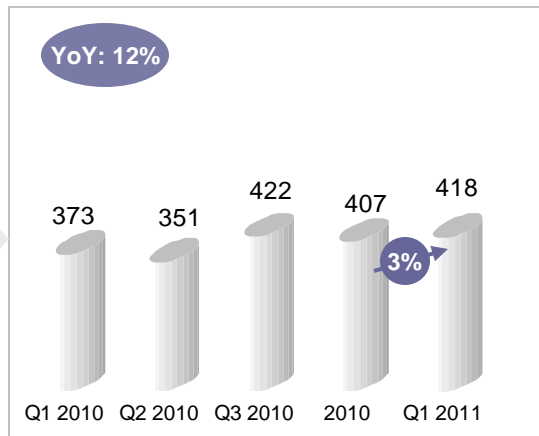


Uptrend in non-cash loans prevailed ...

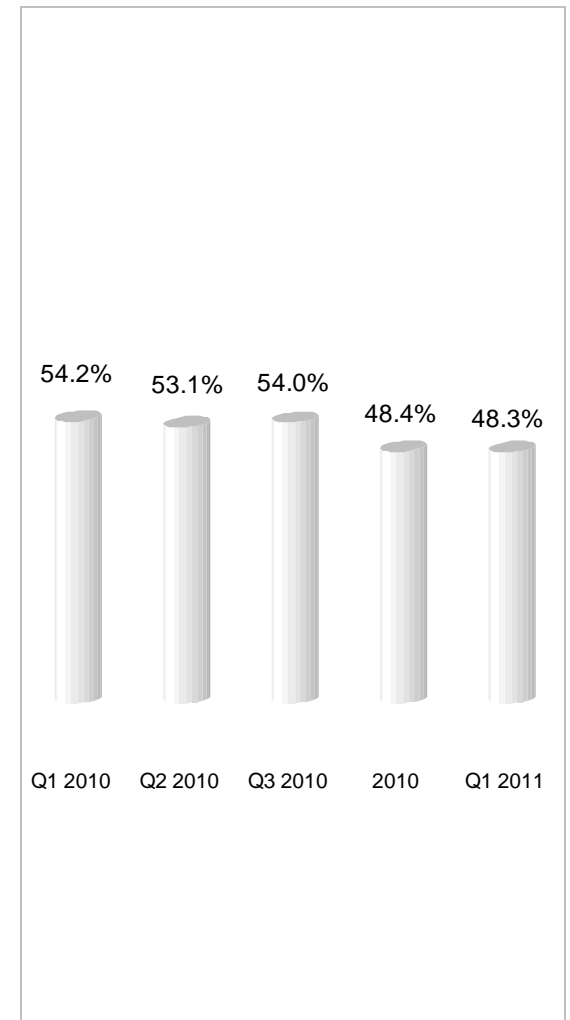
Total Non-Cash Loans (TLmn)



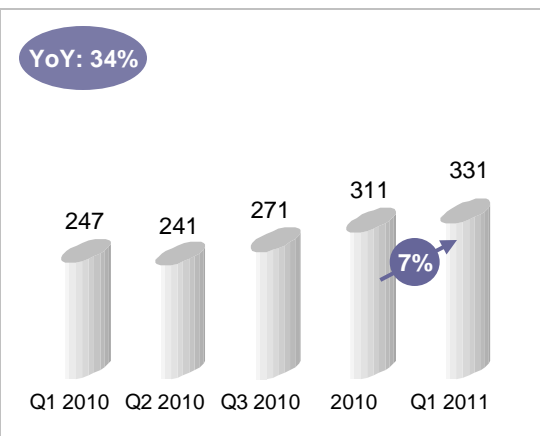
TL Non-Cash Loans (TLmn)



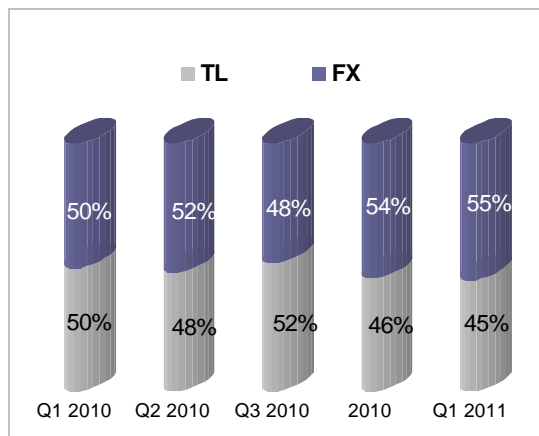
Non-Cash / Cash Loans



FX Non-Cash Loans (US\$m)

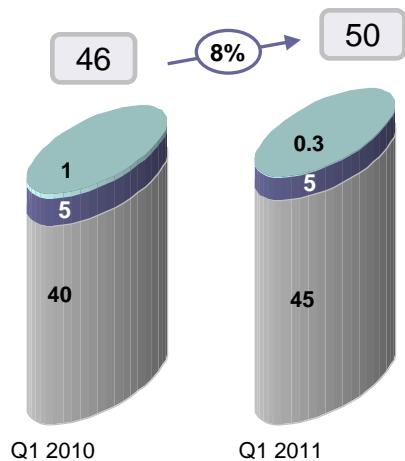


Currency Breakdown of Non-Cash Loans

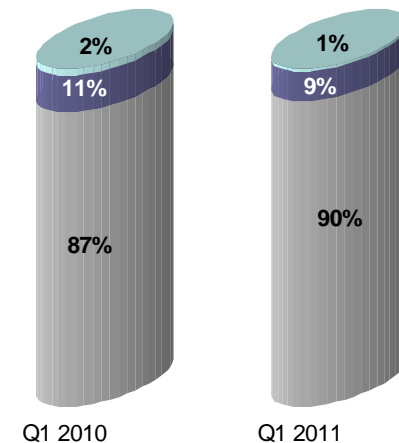


Elevated funding cost impact on interest expense...

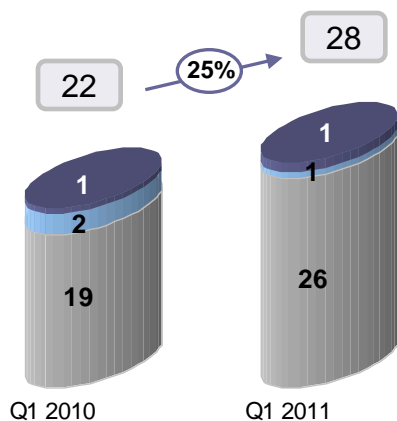
Interest Income (TLmn)



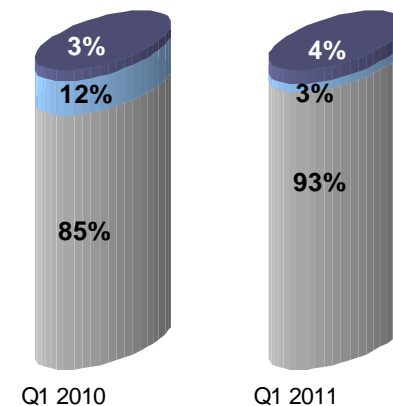
Composition of Interest Income



Interest Expense (TLmn)

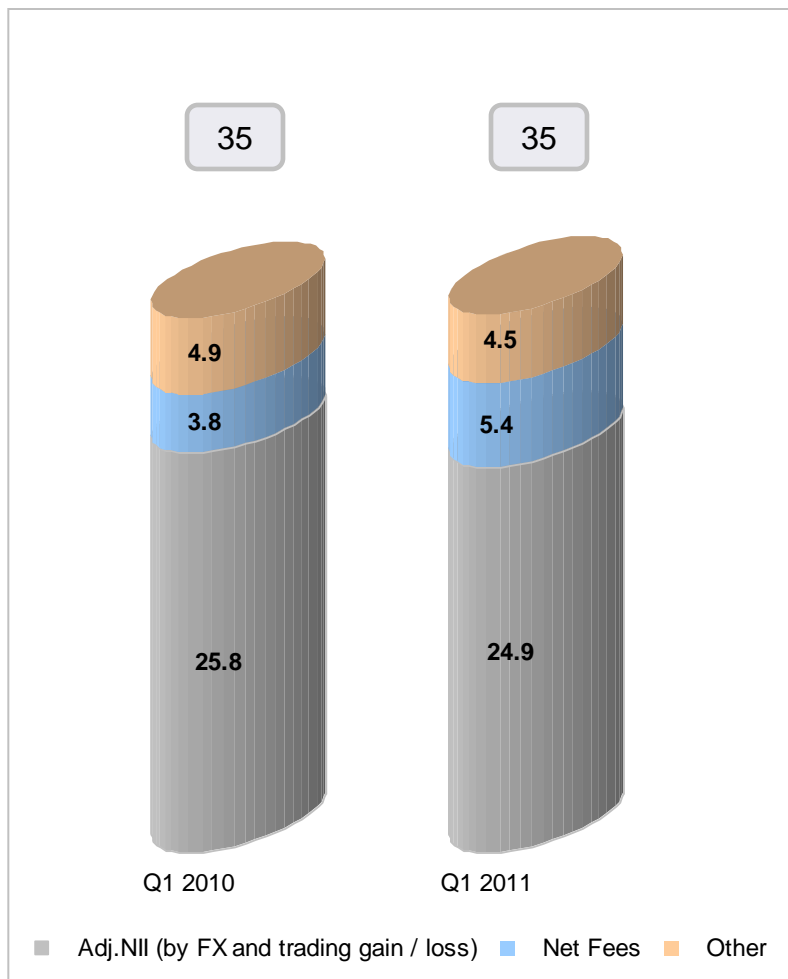


Composition of Interest Expense

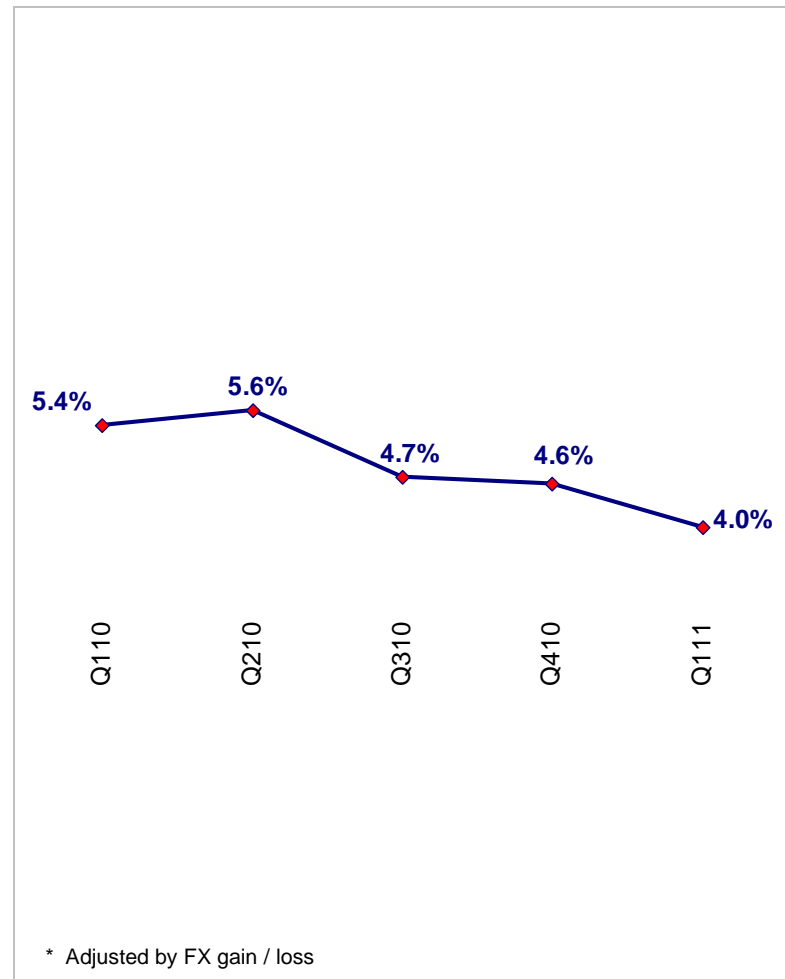


.. reflected also on NIM

Banking Income (TLmn)

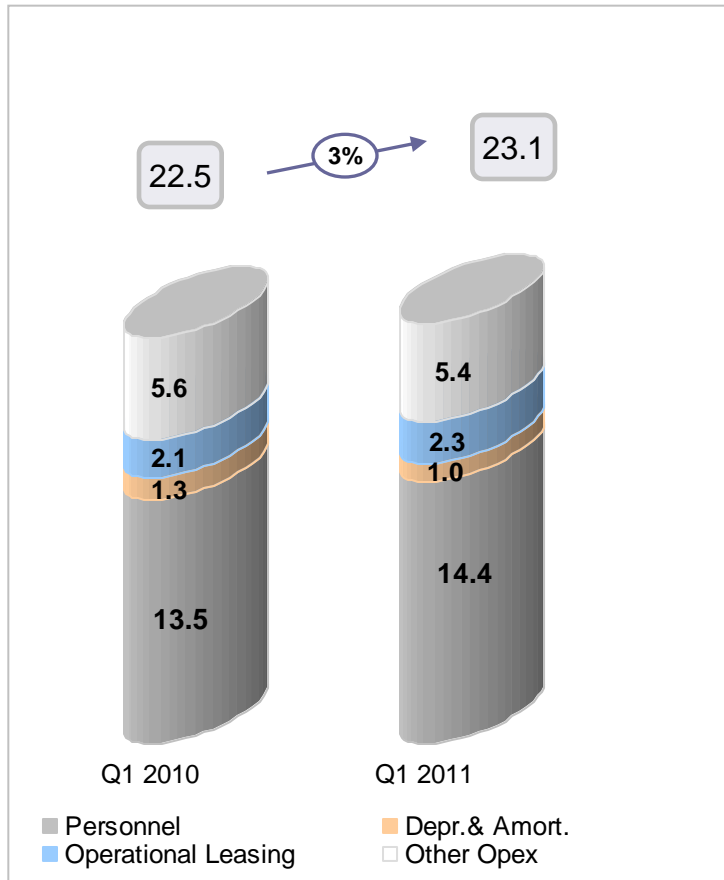


Adjusted Net Interest Margin* (Quarterly)

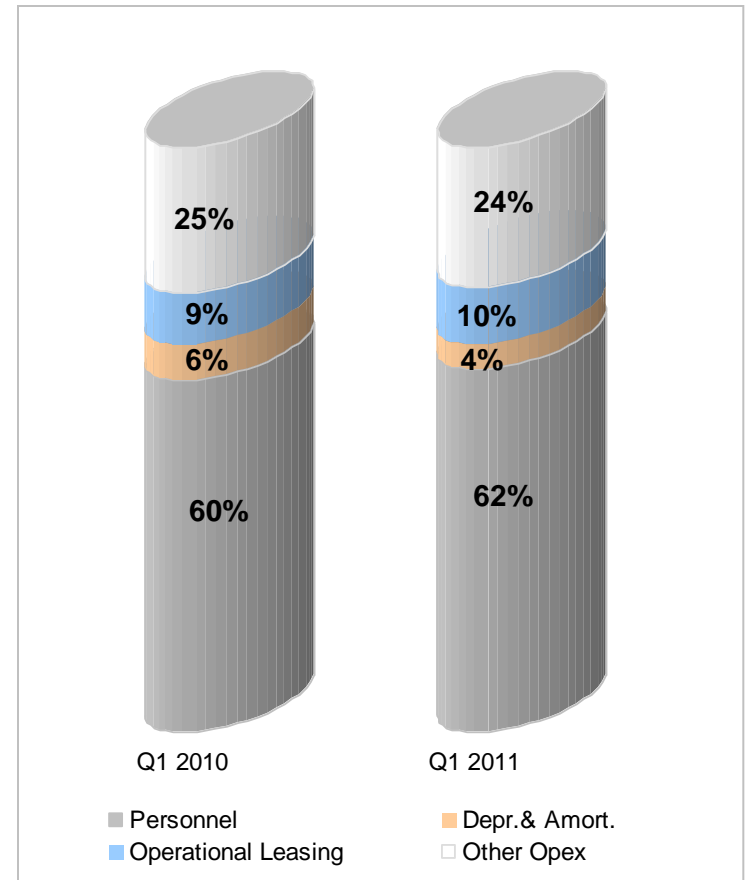


OPEX well under control...

Operating Expenses (TLmn)



Composition of Operating Expenses



Summary Balance Sheet...

TL million	Mar 2010	Dec 2010	Mar 2011
Cash & Banks	148	251	304
Total Securities	262	320	289
Total Cash Loans	1,381	1,836	1,929
Fixed Assets & Subsidiaries	98	105	105
Other	63	61	66
Total Assets	1,952	2,573	2,693
Deposits*	1,186	1,782	1,916
Interbank Money Market*	85	151	76
Borrowings	149	67	112
Other	59	77	92
SHE	473	496	497
Total Liabilities & SHE	1,952	2,573	2,693

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

Summary Income Statement...

TL million	Q1 2010	Q2 2010	Q3 2010	Q4 2010	Q1 2011
Interest Income	46.2	46.1	43.9	48.7	49.8
Loans	40.0	37.9	38.2	40.3	45
Securities	5.3	7.0	4.3	8.1	4.5
Other	0.9	1.2	1.4	0.3	0.3
Interest Expense	22.2	21.6	22.1	24.2	27.5
Deposits	18.9	18.3	21.0	21.4	25.6
Other Borrowings	3.3	3.3	1.1	2.8	1.9
Net Interest Income	24.0	24.5	21.8	24.5	22.3
Net FX Gain (Loss)*	1.0	1.1	0.9	0.6	1.9
Adj. Net Interest Income	25.0	25.6	22.7	25.1	24.2
Net Trading Income (Loss)*	0.8	0.7	0.3	0.5	0.7
Net Fees & Commissions	3.8	4.6	4.5	5.2	5.4
Other Operating Income	4.9	4.0	3.5	2.9	4.5
Total Operating Income	34.5	34.9	31.0	33.7	34.8
Provisions	5.8	3.7	4.2	7.4	6.4
Opex	22.5	24.2	24.0	23.5	23.1
Profit from Subsidiaries	0.2	0.0	0.0	0.3	0.0
Profit Before Tax	6.4	7.0	2.8	3.1	5.3
Tax	1.5	1.6	2.2	-0.2	1.5
Net Income	4.9	5.4	0.6	3.3	3.8

* 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	Q1 2010	Q2 2010	Q3 2010	Q4 2010	Q1 2011
Interest Income	46.6	46.4	44.0	49.0	50.1
<i>Loans</i>	40.2	38.0	38.3	40.4	45.2
<i>Securities</i>	5.4	7.2	4.3	8.2	4.5
<i>Other</i>	1.0	1.2	1.4	0.4	0.4
Interest Expense	22.2	21.6	22.1	24.1	27.5
<i>Deposits</i>	18.8	18.3	21.1	21.3	25.5
<i>Other Borrowings</i>	3.4	3.3	1.0	2.8	2.0
Net Interest Income	24.4	24.8	21.9	24.9	22.6
<i>Net FX Gain (Loss)*</i>	1.0	1.1	0.9	0.4	1.9
Adj. Net Interest Income	25.4	25.9	22.8	25.3	24.5
<i>Net Trading Income (Loss)*</i>	2.4	1.9	1.2	2.4	3.5
<i>Net Fees & Commissions</i>	4.5	5.4	5.1	5.9	6.1
<i>Other Operating Income</i>	4.7	4.0	3.5	2.8	4.5
Total Operating Income	37.0	37.3	32.6	36.3	38.6
<i>Provisions</i>	4.4	3.1	2.6	7.1	6.4
<i>Opex</i>	23.6	25.8	25.6	25.1	24.7
<i>Profit from Subsidiaries</i>	0.0	0.0	0.0	0.0	0.0
Profit Before Tax	9.0	8.4	4.4	4.1	7.5
<i>Tax</i>	1.8	1.8	2.2	0.1	1.9
Net Income	7.2	6.6	2.2	4.0	5.6

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

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