



# **TEKSTİLBANK**

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*Earnings Presentation*  
*1H 2008, BRSA Consolidated*

## Strong pressure on bottom-line



### Decrease in NIM

- Strong deposit growth and increasing deposit costs
  - Immediate reflection of the interest rate increase on deposits versus stable loan yields
- Limited loan growth due to capital constraints

### Increase in NPLs

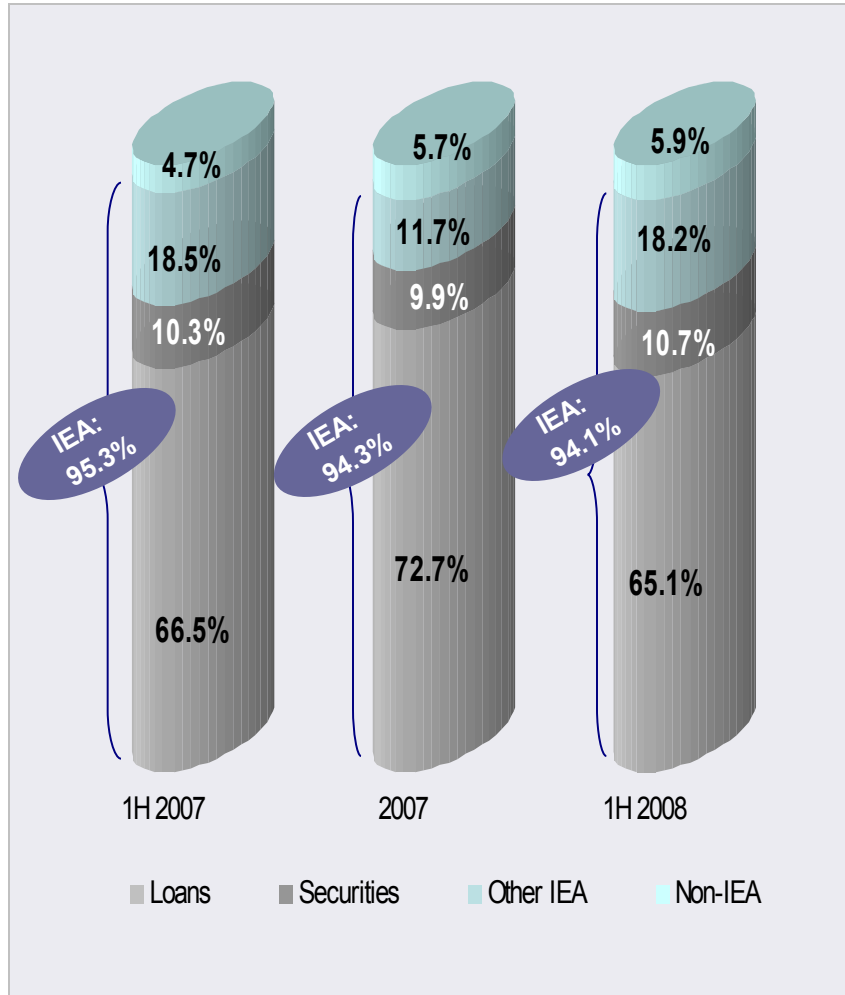
- Higher than expected NPLs in Q2 2008 due to some big ticket items

### Continued high operating costs

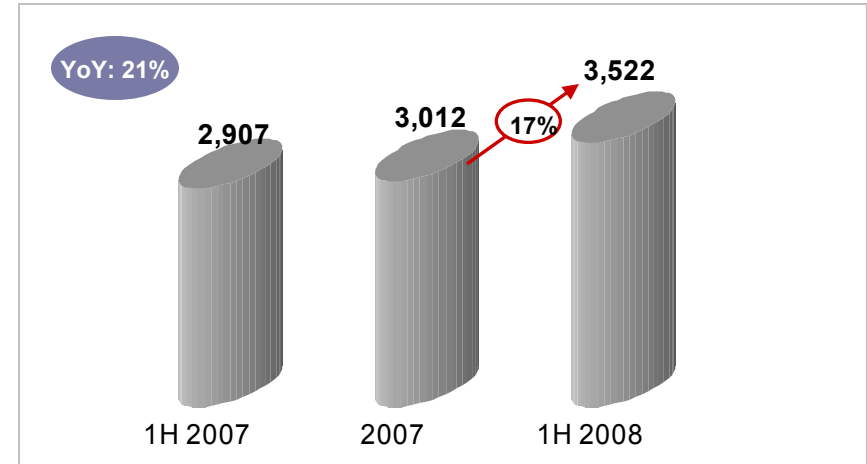
- Mainly driven by personnel expenses
  - Full reflection of additional costs of new hirings of 2007 in 1H2008 versus limited reflection in 2007

# Temporary increase in liquidity due to syndication redemption...

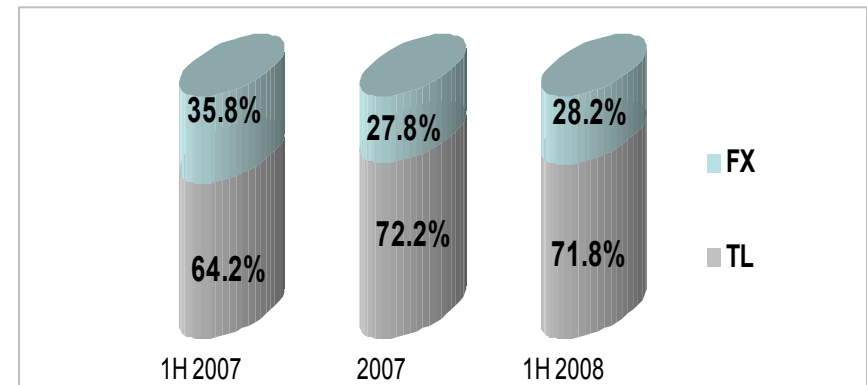
## Composition of Assets



## Total Asset Growth (TRY mn)

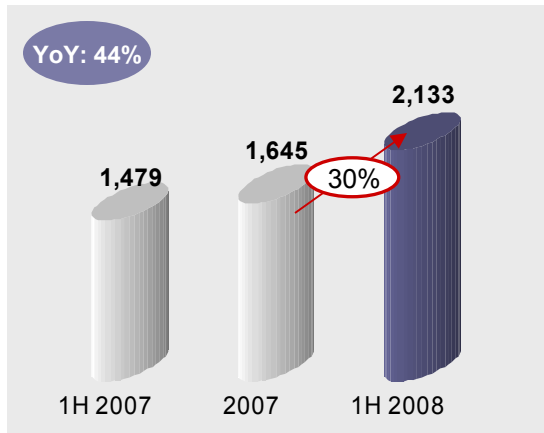


## Currency Composition of Assets

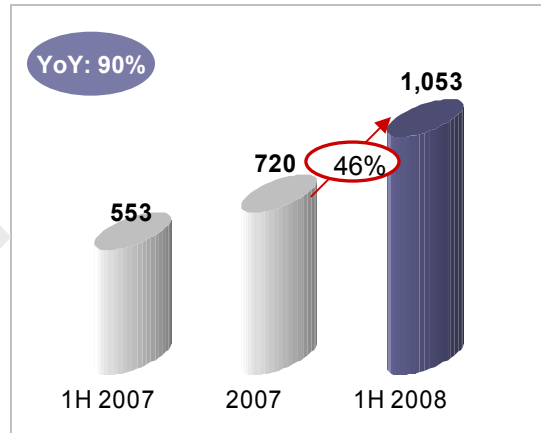


# Strong deposit focus remains...

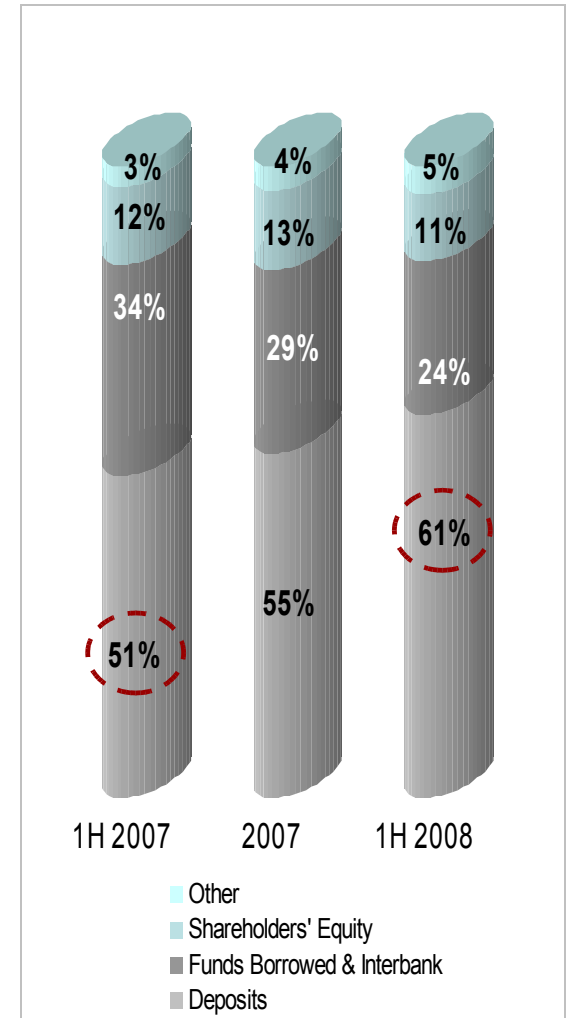
## Total Deposits\* (TRY mn)



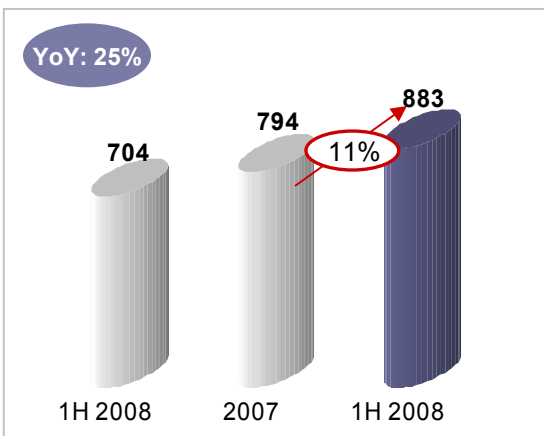
## TL Deposits\* (TRY mn)



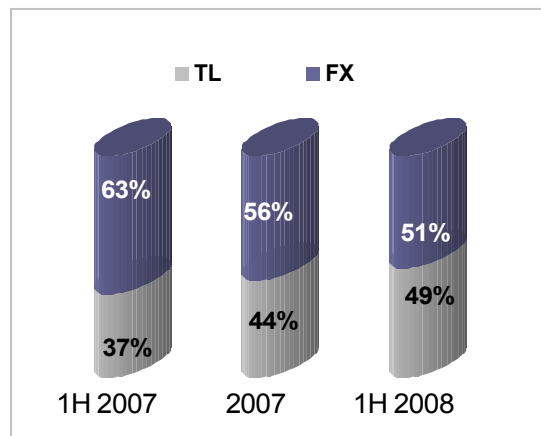
## Composition of Liabilities & SHE



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



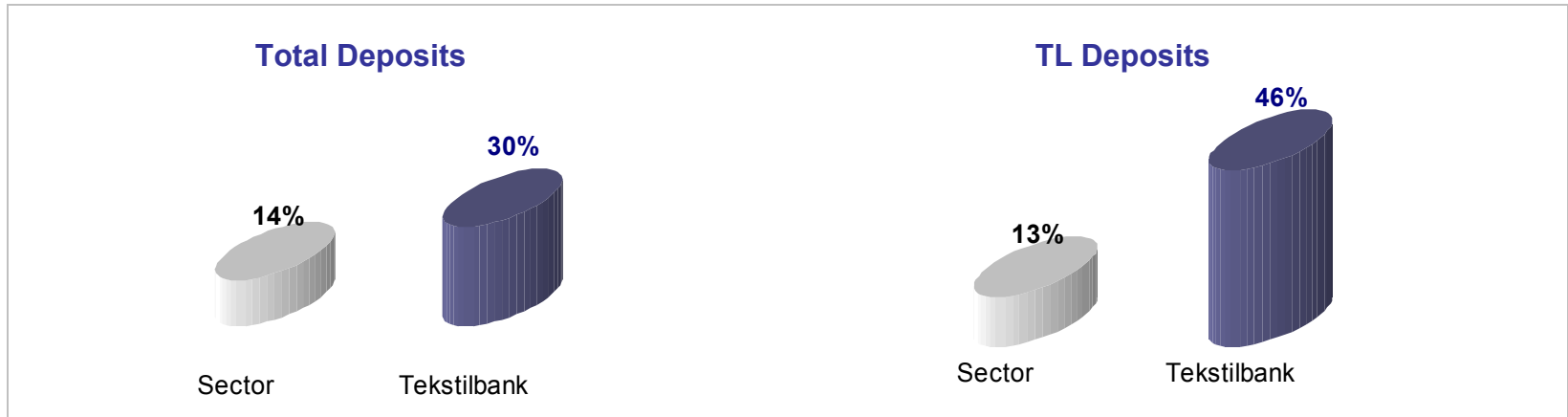
## Currency Breakdown\*



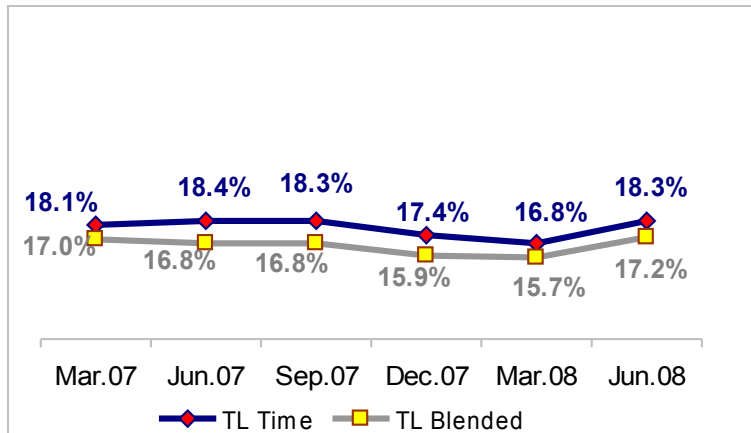
\* Excluding bank deposits

# Deposit growth continued to beat sector average in Q2 2008...

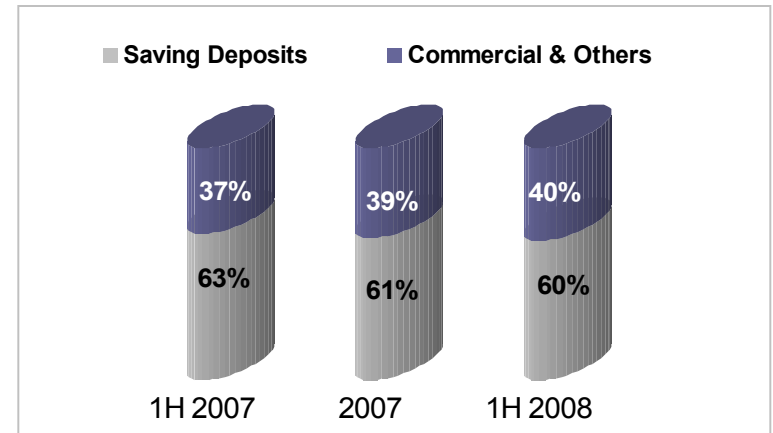
## Deposit Growth, 2007 – H1 2008



## Cost of TL Deposits

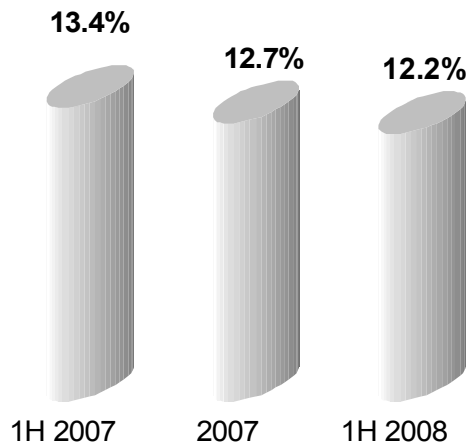


## Composition of Deposits

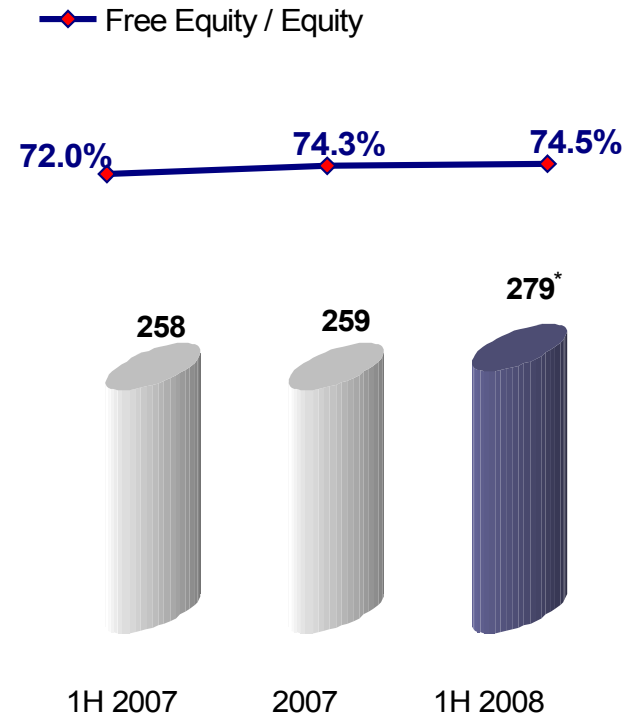


# Capital increase to be fully completed by September 2008...

## Capital Adequacy Ratio



## Free Equity (TRY mn)

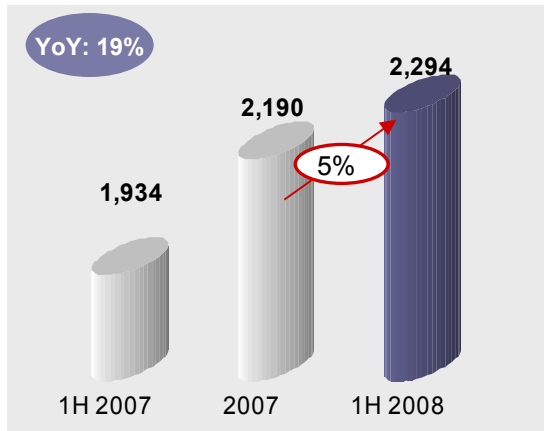


**Free Equity:** SHE-subsidaries-property & equipment-intangible assets-property & equipment held for sale-unprovisioned NPL

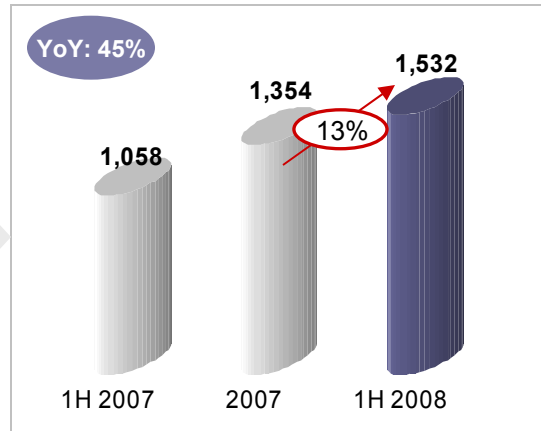
\* TRY 45.3mn of the previously announced capital increase, which is booked under "Other Liabilities" as of 1H08, is considered as equity in the calculation of free equity.

# Limited loan growth due to capital constraints...

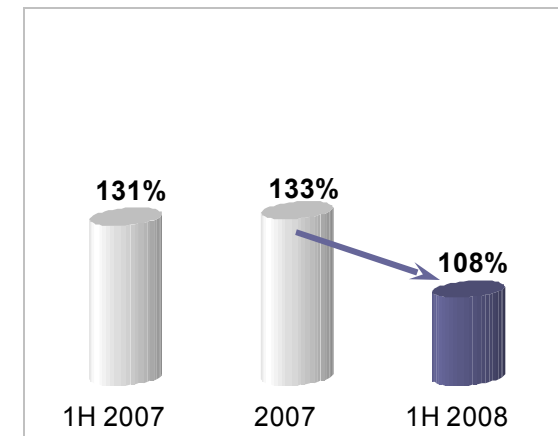
## Total Cash Loans (TRY mn)



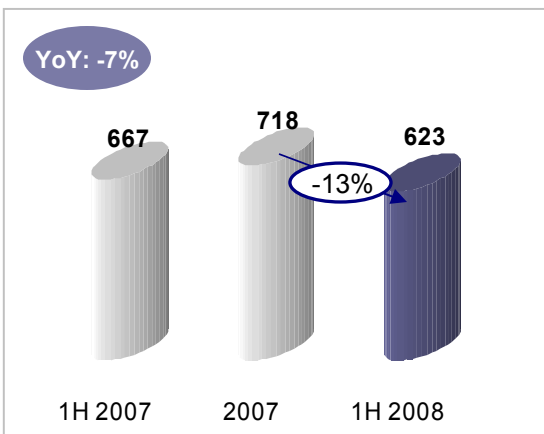
## TL Cash Loans (TRY mn)



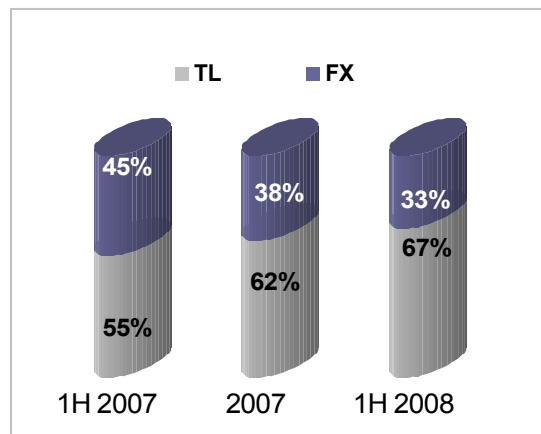
## Loans / Deposits



## FX Cash Loans (US\$ mn)



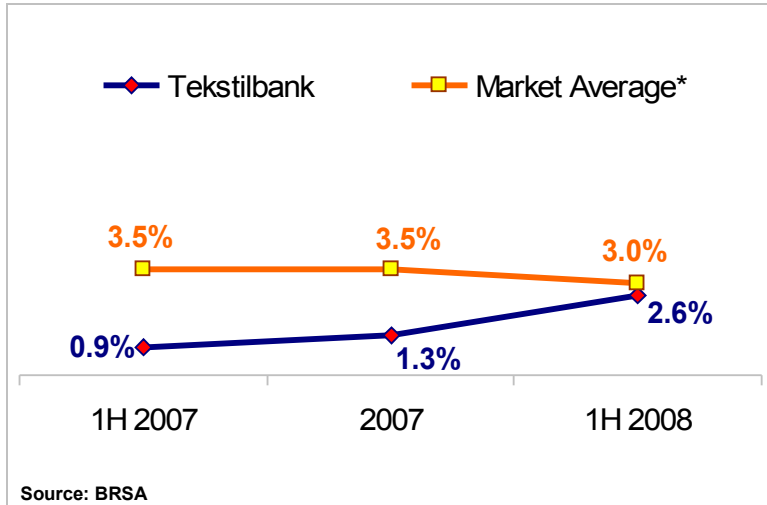
## Currency Breakdown of Cash Loans



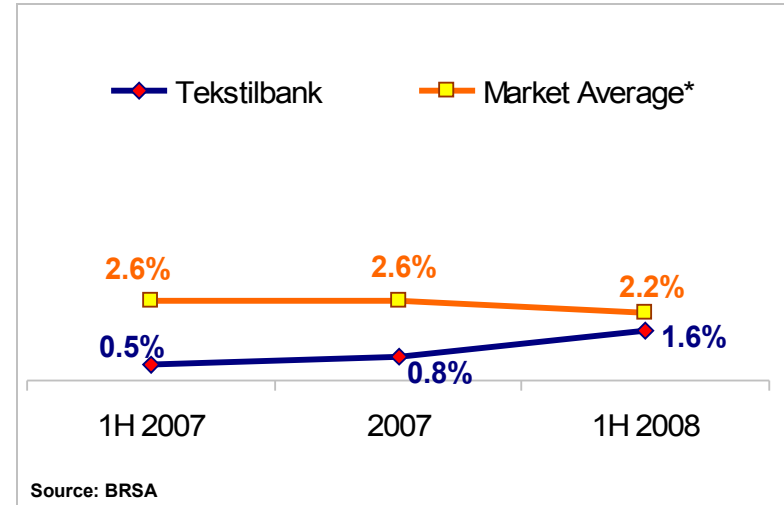
FX indexed cash loans are included in FX cash loans

# Increase in NPLs due to some unexpected big ticket items...

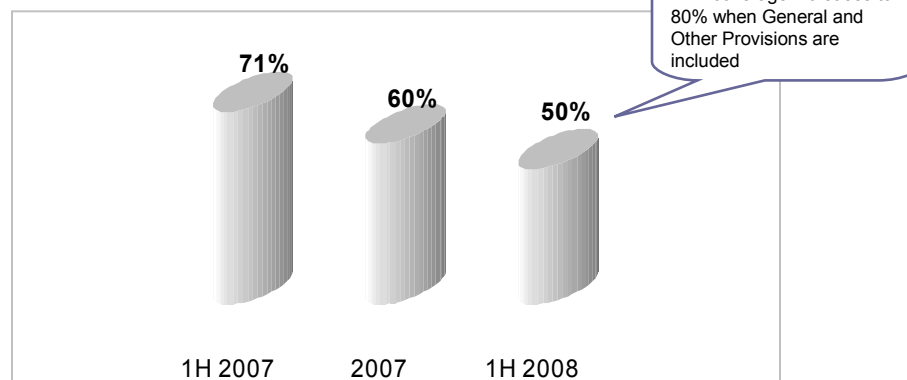
## NPL Ratio



## NPL Ratio (including non-cash loans)

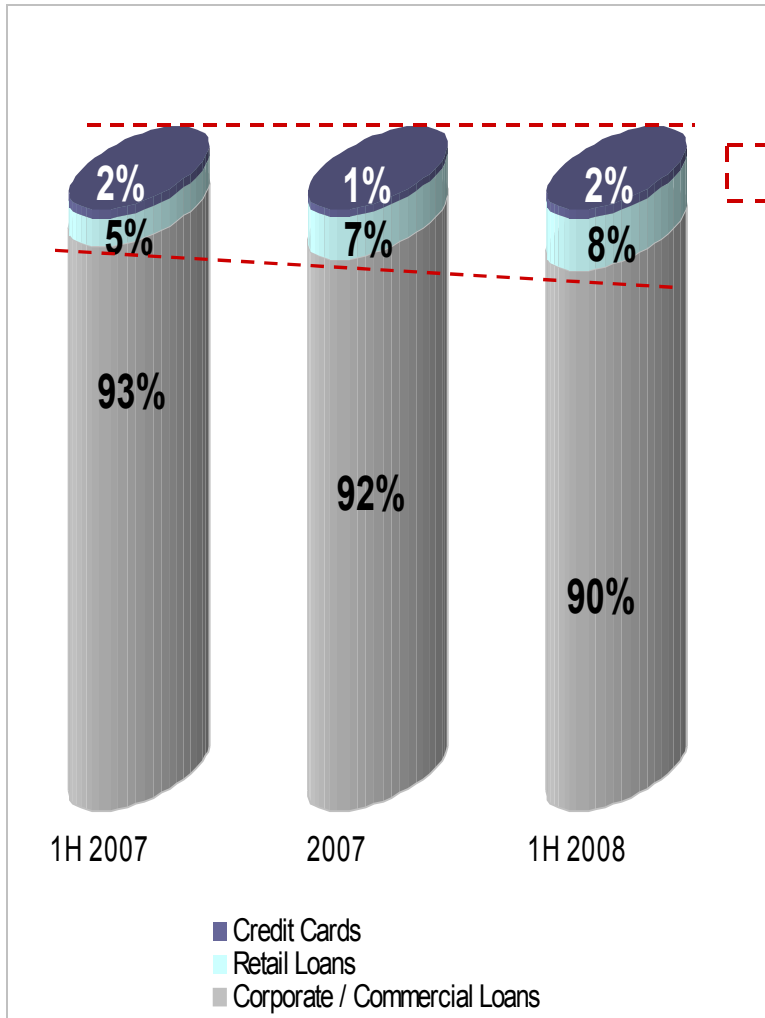


## NPL Coverage

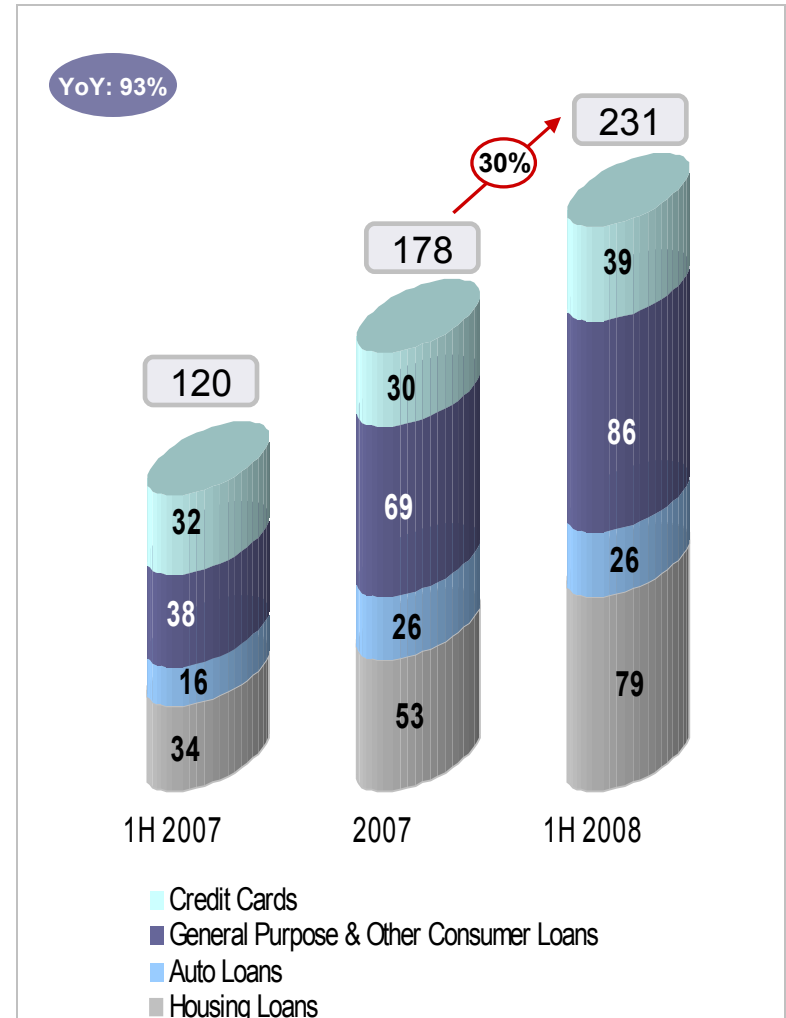


# Retail banking in progress...

## Breakdown of Loan Portfolio



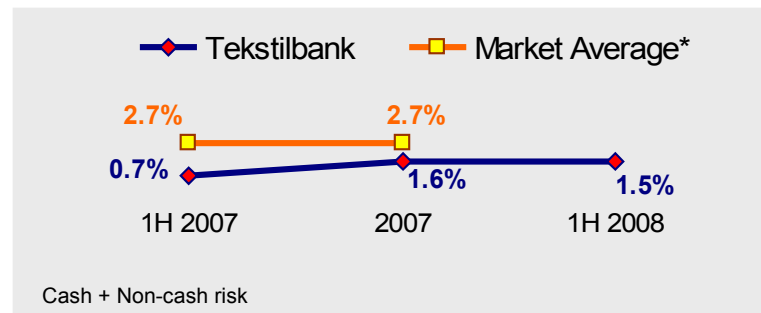
## Breakdown of Retail Loans (TRY mn)



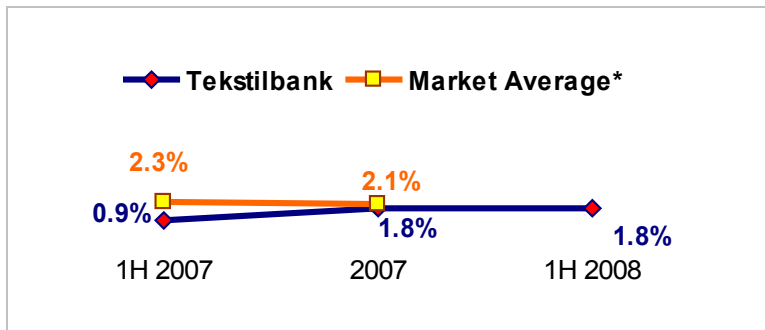
# Clean balance sheet...

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

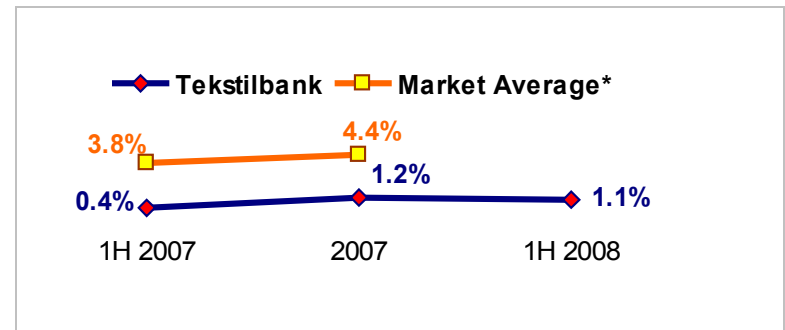
## Group Total Risk / Total Risk



## Group Cash Loans / Cash Loans



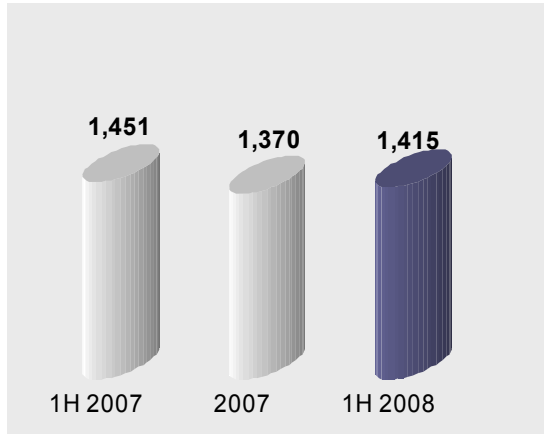
## Group Non-Cash Loans / Non-Cash Loans



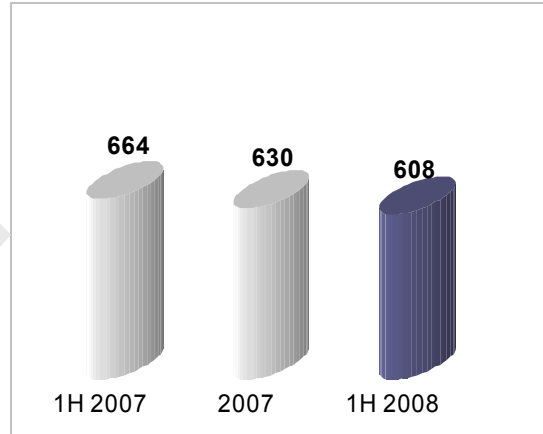
\* Selected 19 banks' average (public banks are excluded) for Q1 2008, 1H 2008 figures for the market are not available yet

# Reshuffling of loanbook in favor of cash loans for more efficient use of capital...

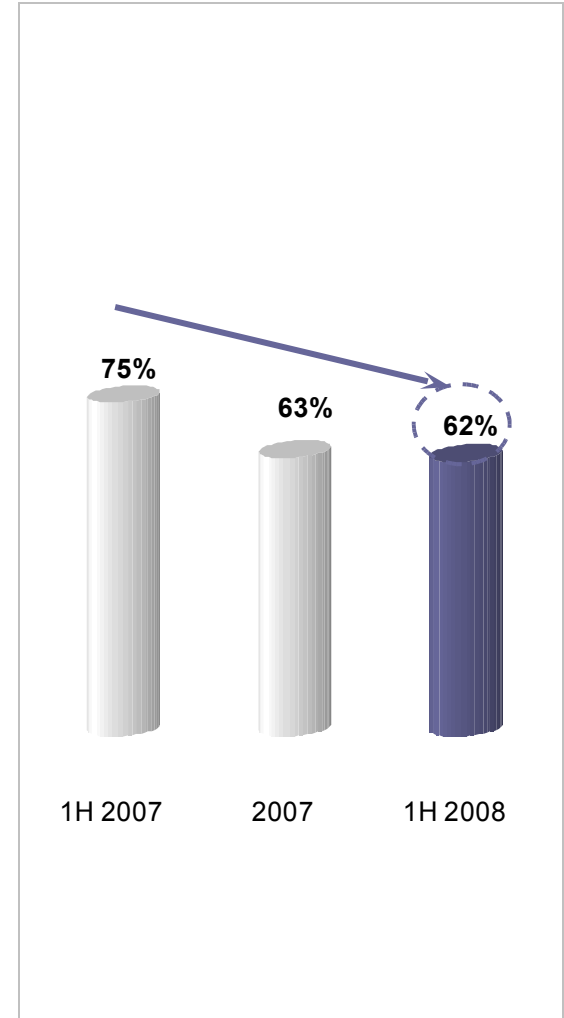
**Total Non-Cash Loans** (TRY mn)



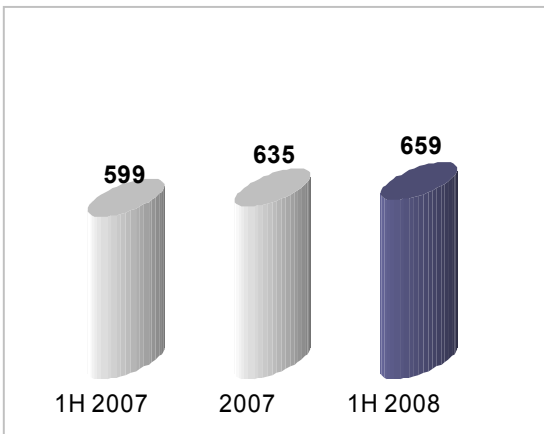
**TL Non-Cash Loans** (TRY mn)



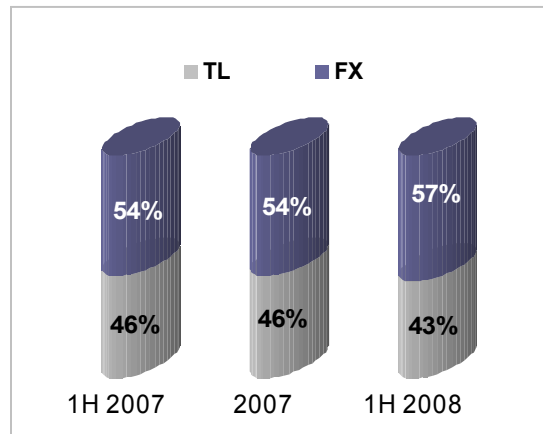
**Non-Cash / Cash Loans**



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

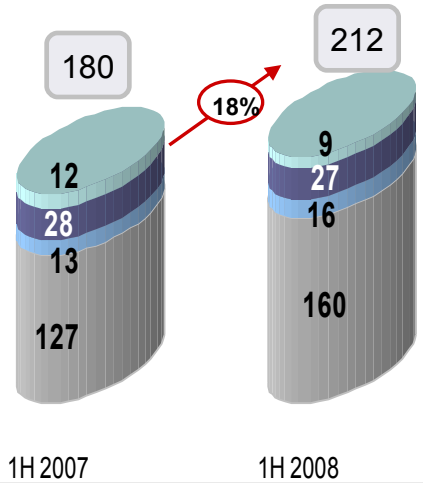


**Currency Breakdown of Non-Cash Loans**

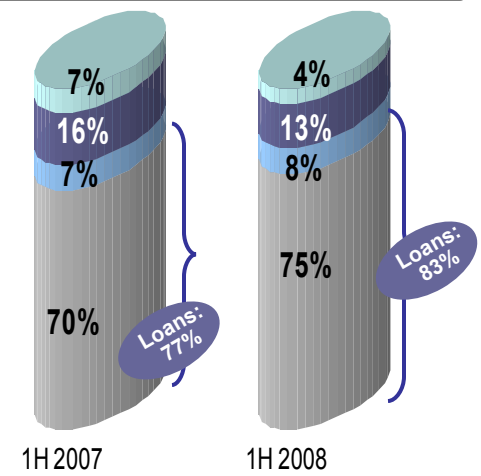


# High contribution of loans to interest income...

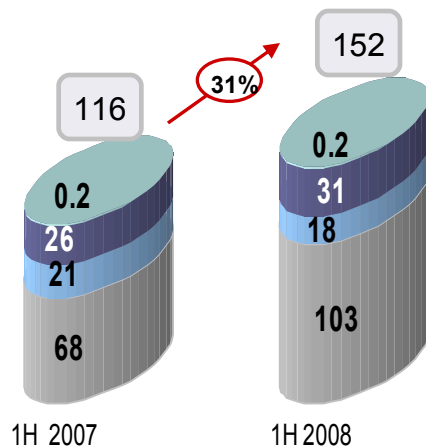
## Interest Income (TRY mn)



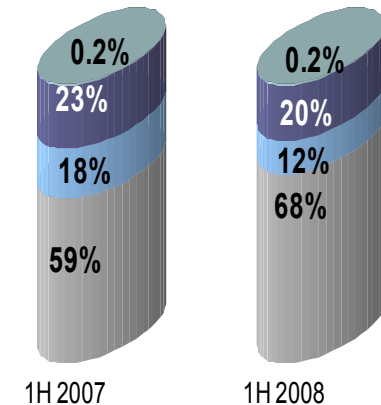
## Composition of Interest Income\*



## Interest Expense (TRY mn)

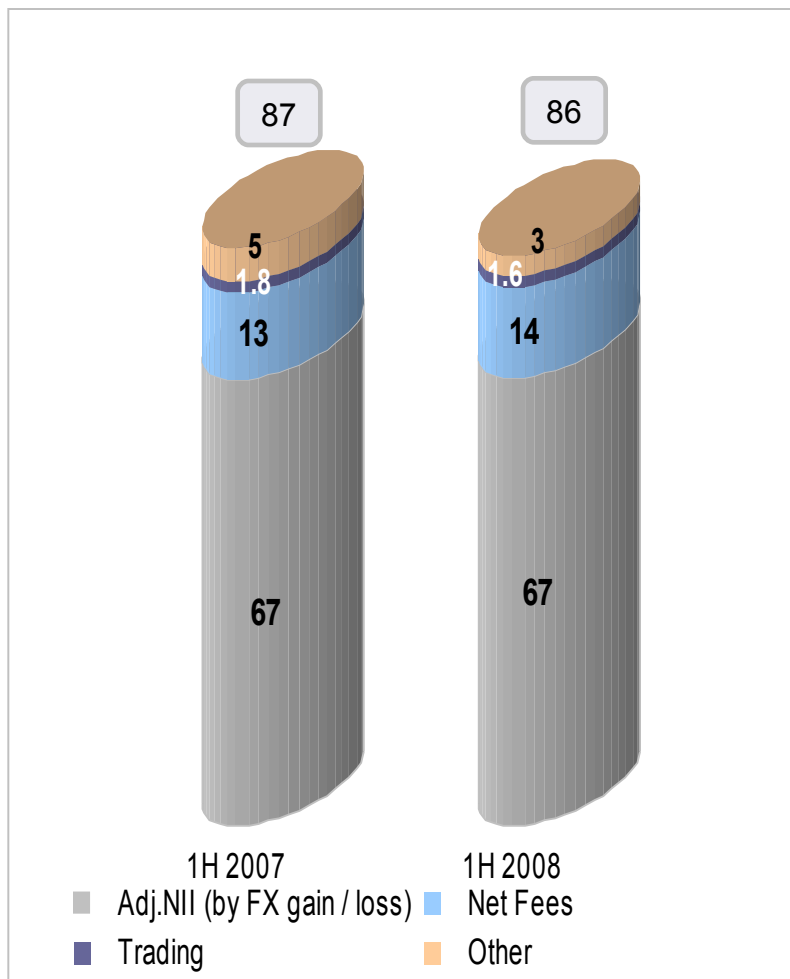


## Composition of Interest Expense

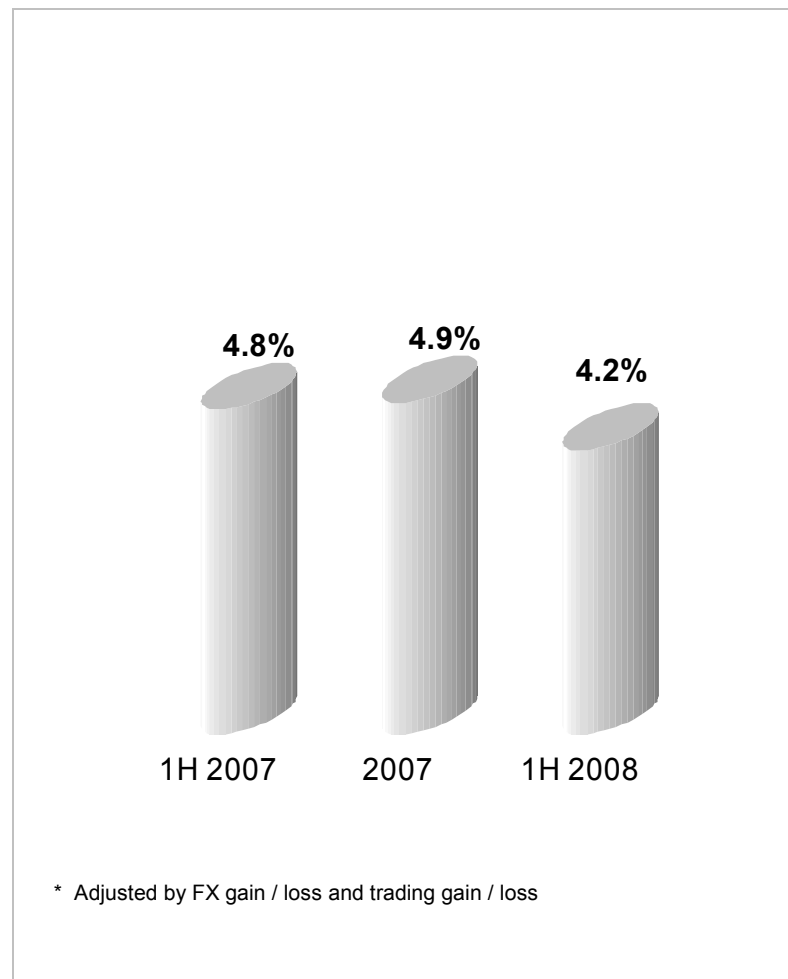


# Pressure on margins due to the increase in deposit costs...

## Banking Income (TRY mn)

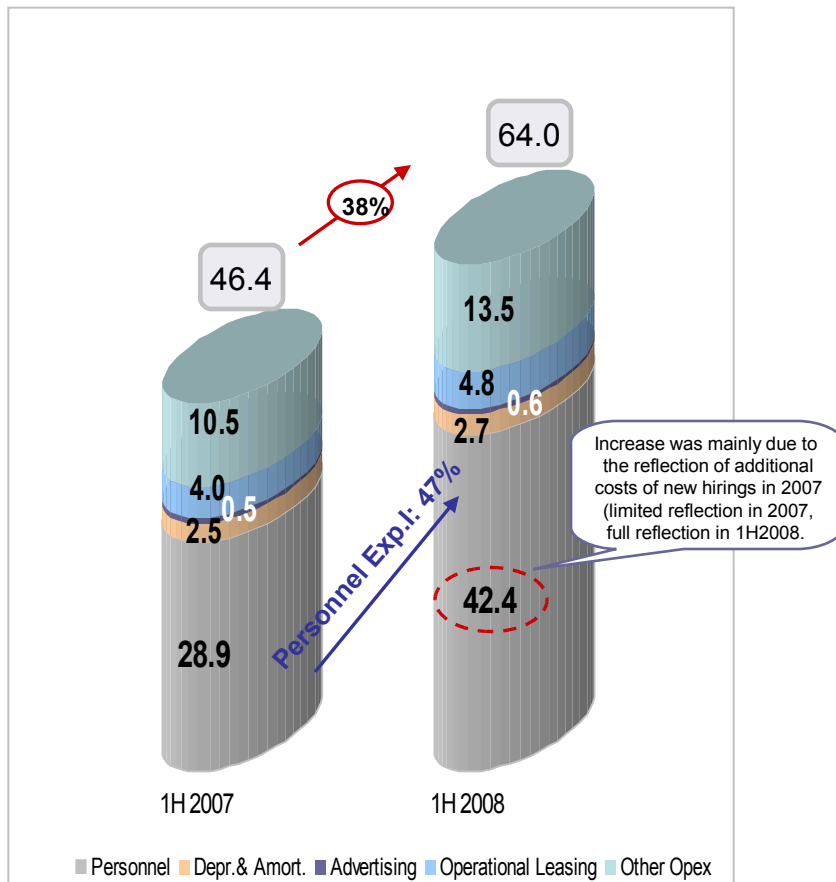


## Adjusted Net Interest Margin\*

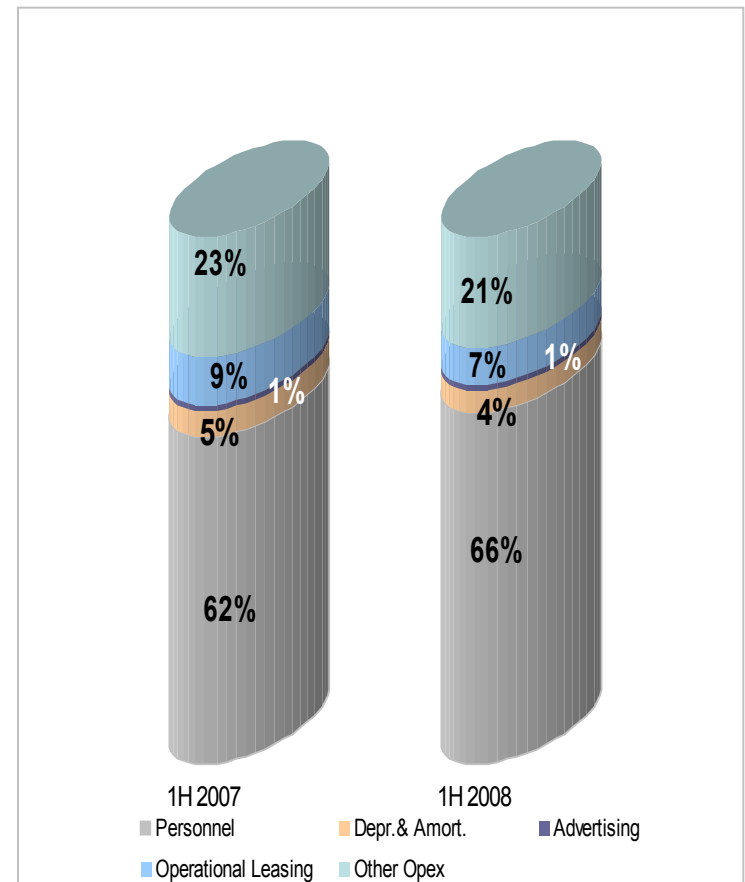


# Pressure on costs continued...

## Operating Expenses (TRY mn)



## Composition of Operating Expenses



# Pressure on profitability due to increase in NPLs and deposit costs...

	1H 2007	2007	1H 2008
ROAE	16.2%	11.8%	2.0%
ROAA	1.9%	1.4%	0.2%
Cost / Average Assets	3.2%	3.9%	3.9%
Cost / Income	53.4%	63.4%	74.7%

# Summary Balance Sheet...

TRY mn	1H 2007	2007	1H 2008
<b>Cash &amp; Banks</b>	554	373	666
<b>Total Securities</b>	298	299	378
<b>Total Cash Loans</b>	1,934	2,190	2,294
<b>Fixed Assets &amp; Subsidiaries</b>	96	109	110
<b>Other</b>	25	42	74
<b>Total Assets</b>	<b>2,907</b>	<b>3,013</b>	<b>3,522</b>
<b>Deposits*</b>	1,479	1,645	2,133
<b>Interbank Money Market*</b>	318	288	194
<b>Borrowings</b>	660	588	663
<b>Other</b>	92	113	158
<b>SHE</b>	358	379	374
<b>Total Liabilities &amp; SHE</b>	<b>2,907</b>	<b>3,013</b>	<b>3,522</b>

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

# Summary Income Statement...

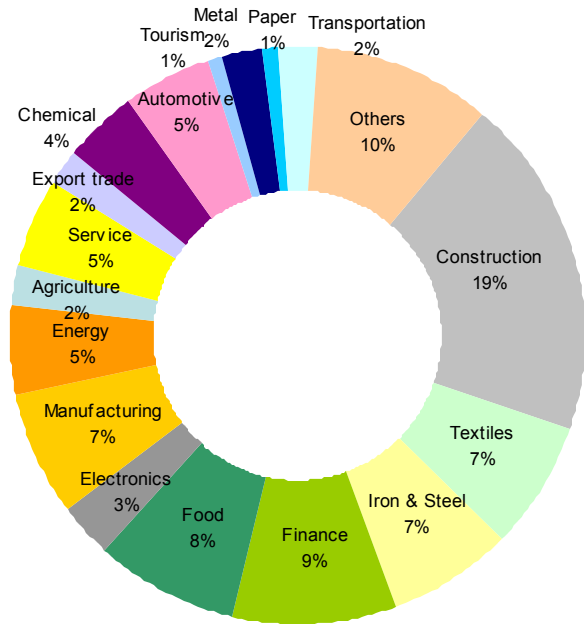
TRY mn	1H 2007	1H2008
<b>Interest Income</b>	<b>180.2</b>	<b>212.0</b>
<b>Interest Expense</b>	<b>(116.1)</b>	<b>(151.7)</b>
<b>Net Interest Income</b>	<b>64.1</b>	<b>60.3</b>
<i>Net FX Gain (Loss)*</i>	2.8	6.8
<b>Adj. Net Interest Income</b>	<b>66.9</b>	<b>67.1</b>
<i>Net Trading Income (Loss)*</i>	1.8	1.6
<i>Net Fees &amp; Commissions</i>	13.0	13.6
<i>Other Operating Income</i>	5.0	3.1
<b>Total Operating Income</b>	<b>86.7</b>	<b>85.4</b>
<i>Loan Loss Reserves</i>	(5.7)	(15.3)
<i>Opex</i>	(46.4)	(64.0)
<b>Profit Before Tax</b>	<b>34.6</b>	<b>6.1</b>
<i>Tax</i>	(6.7)	(2.4)
<b>Net Income</b>	<b>27.9</b>	<b>3.7</b>

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

# Well diversified loan portfolio...

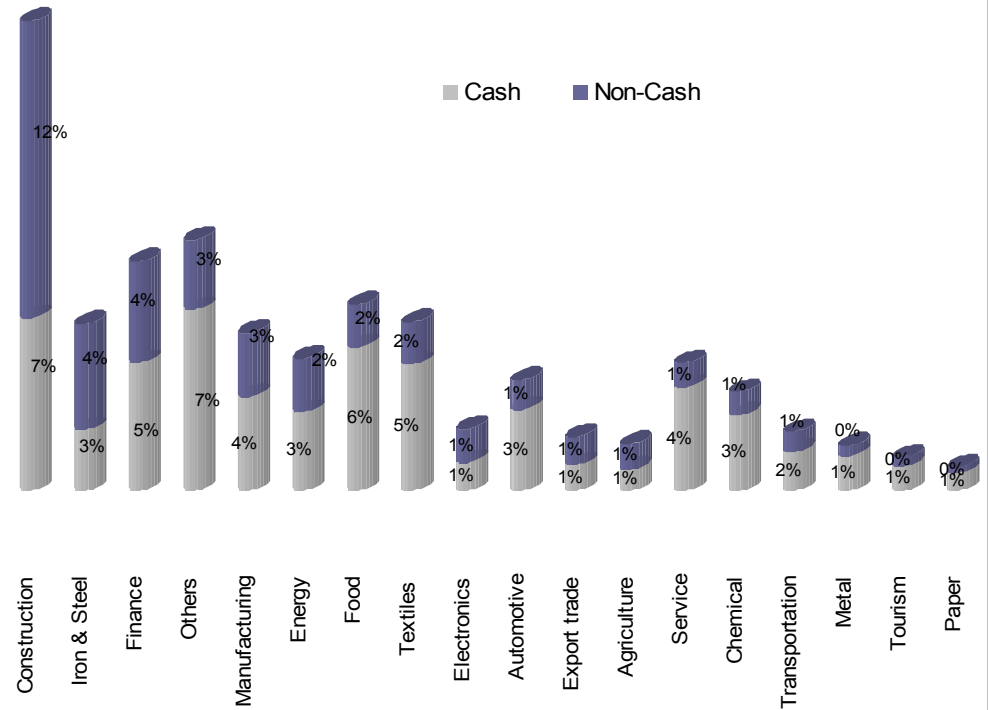
## Sector Breakdown of Cash + Non-Cash Loans

1H 2008



## Cash & Non-Cash Breakdown of Sectors

1H 2008



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