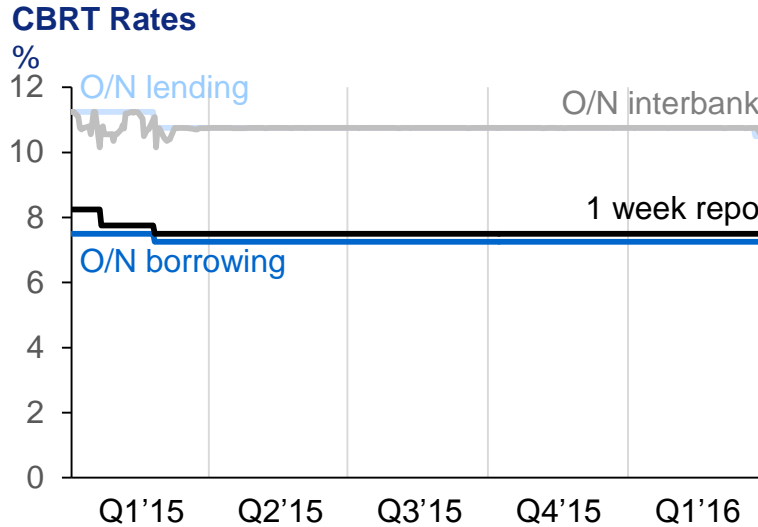


Finansbank Q1'16 Earnings Presentation

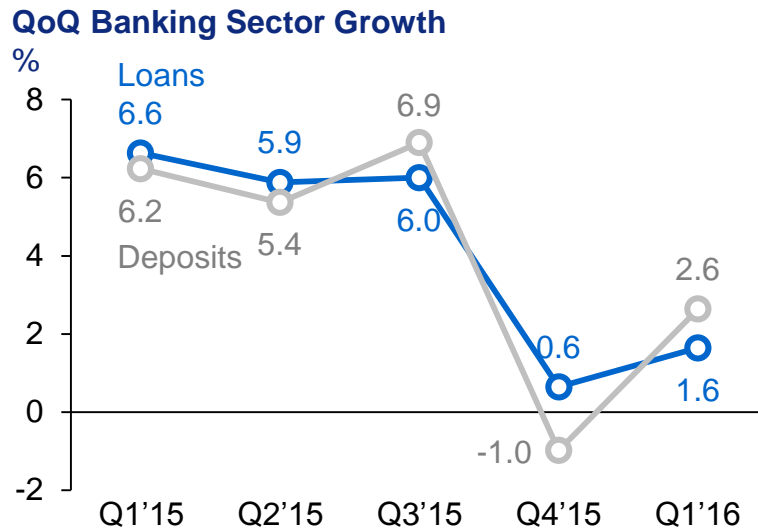
Global and local uncertainties eased in the first quarter, banking sector growth resumed as a result

Macro Dynamics



- Following the first rate hike in December, **FED remained on hold** through Q1'16
- **ECB** lowered deposit rate to further in **negative territory** and expanded asset purchases
- **Global volatility indicators** came down significantly, thanks to the dovish acts of major central banks
- Favorable **global sentiment supported TRY** along with other EM currencies
- **CBRT cut the O/N lending rate** by 25 bps in March to 10.50% and let effective funding rate ease below 9%, on the back of improved inflation outlook and stronger currency

Banking Sector Dynamics



- **Growth** resumed in banking sector both on loans and deposits fronts, despite TRY appreciation
- **Funding costs** remained high as deposit market continued to be competitive
- **Asset quality** slightly deteriorated with an increase in NPL ratio

Source: CBRT; BRSA

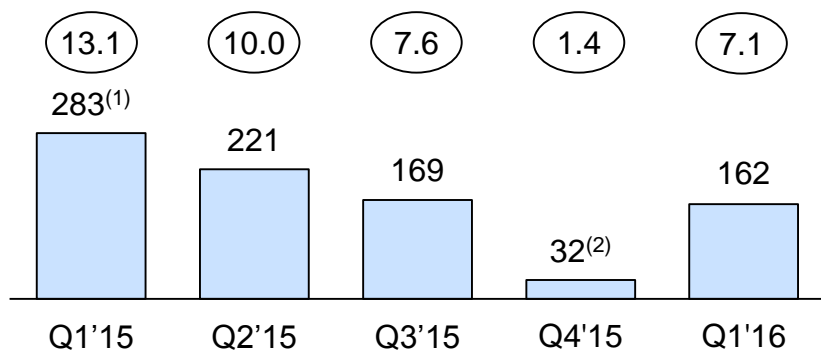
Profitability remained under pressure due to elevated funding costs

Slight QoQ improvement in recurring net income

Quarterly Net Income

TRY, mn

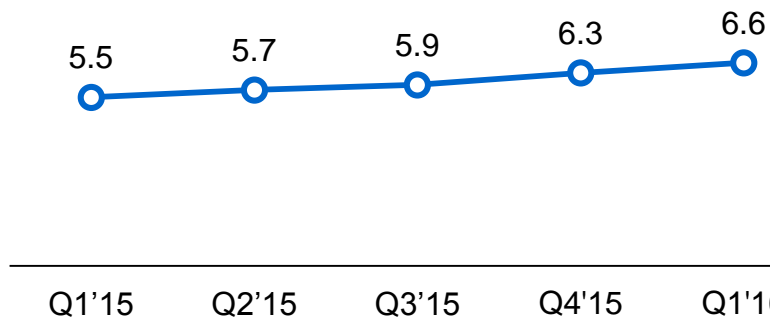
○ RoE (%)



NPL ratio slightly deteriorated similar to the industry trend

NPL Ratio

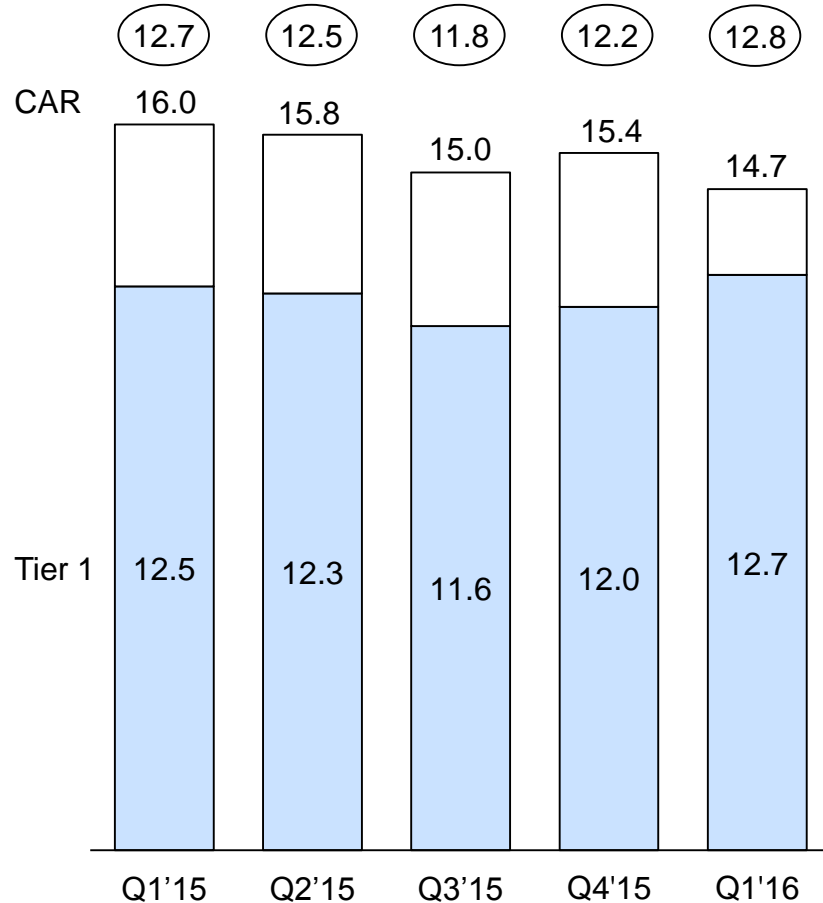
%



Capital adequacy at comfortable level despite slight decline in Q1'16 due to sub-loan amortization

CAR %

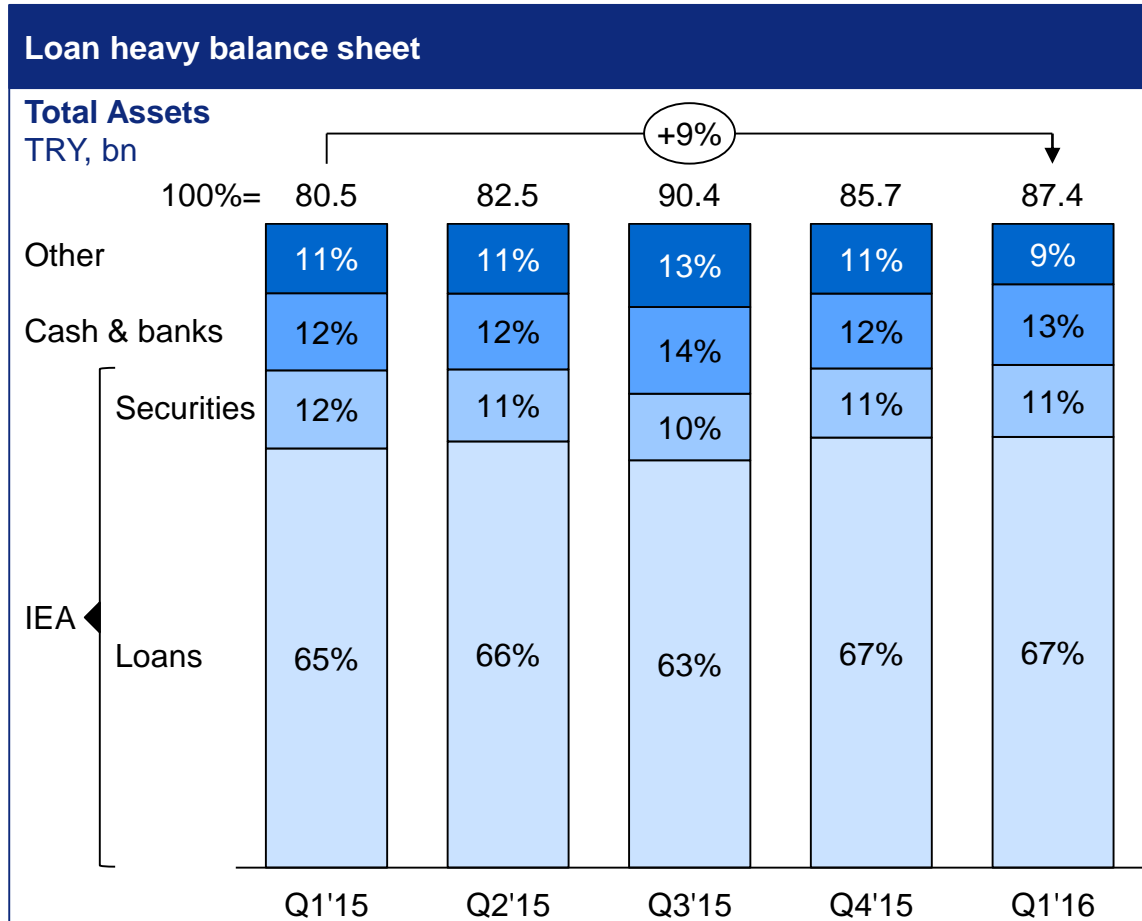
○ Tier 2 (%)



(1) Including TRY 102 mn building sales and TRY 63 mn dividend income in Q1'15

(2) Including TRY 100 mn free provisions and TRY 85 mn general loan loss provision in Q4'15

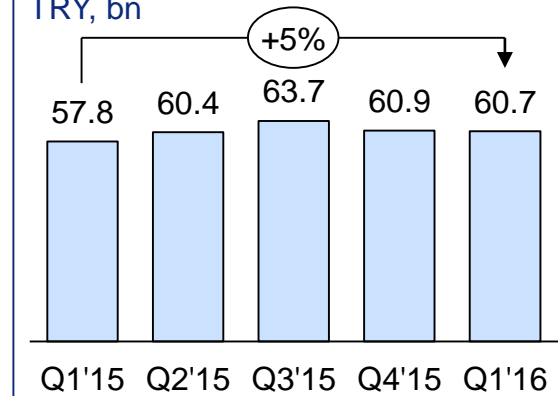
Asset size exceeded TRY 87 billion in Q1'16 with 9% YoY growth



TRY assets grew by 5% YoY

TRY Assets

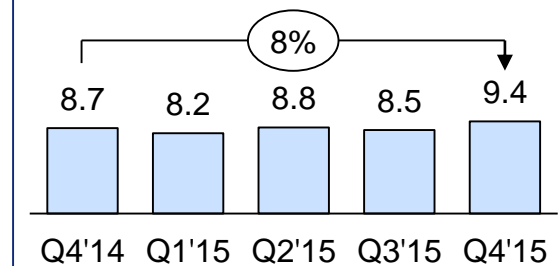
TRY, bn



FX assets grew by 8% YoY

FX Assets⁽¹⁾

USD, bn



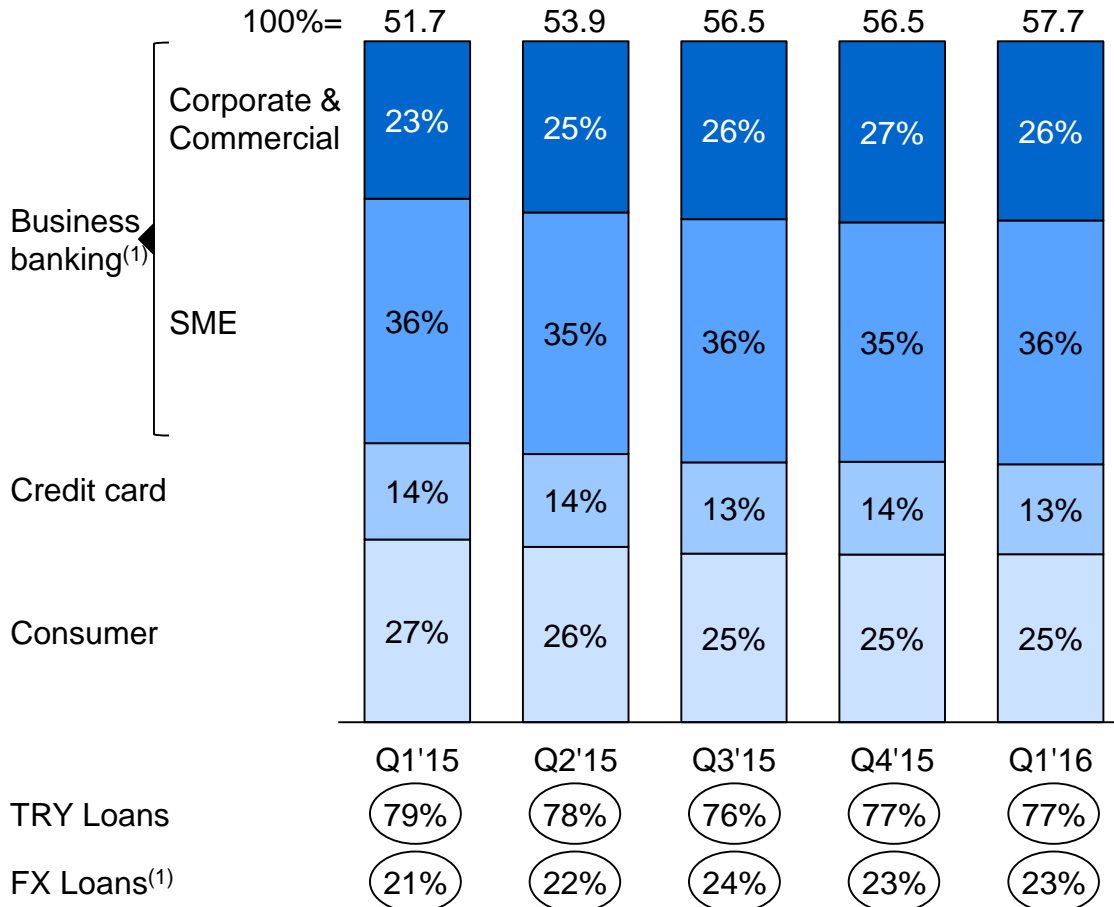
(1) FX-indexed TRY loans are shown in FX assets

Sustained and successful execution of the growth strategy...

Loan book continued to shift towards business banking

Performing Loans by Segment and Currency

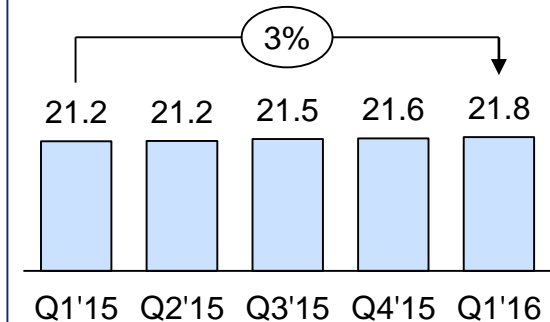
TRY, bn



Slight YoY growth in retail loans

Retail Loans

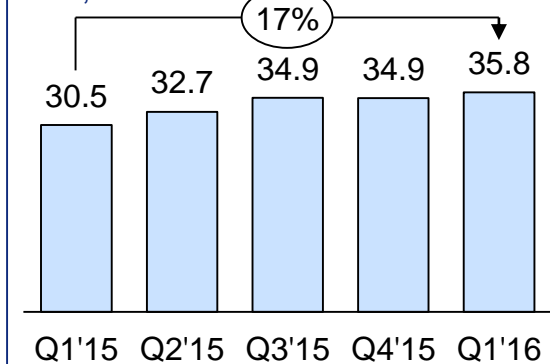
TRY, bn



Business loans grew by 17% YoY

Business Loans

TRY, bn



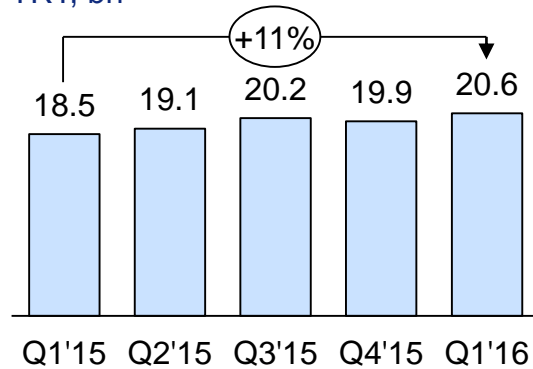
(1) Based on BRSA segment definition

...focused on business banking loans and selective retail banking segments

■ Business banking
■ Retail banking

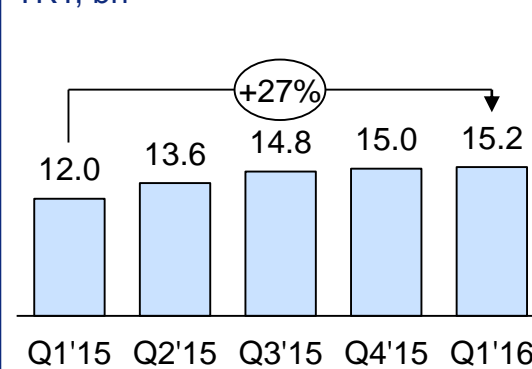
Robust growth in SME loans continued...

SME Loans⁽¹⁾
TRY, bn



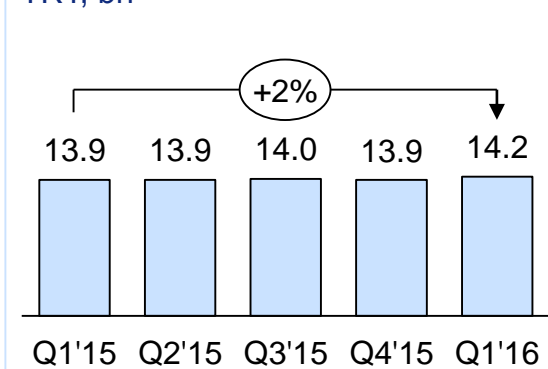
...also in corp. & comm. loans supported by exchange rate effect

Corp. & Comm. Loans⁽¹⁾
TRY, bn



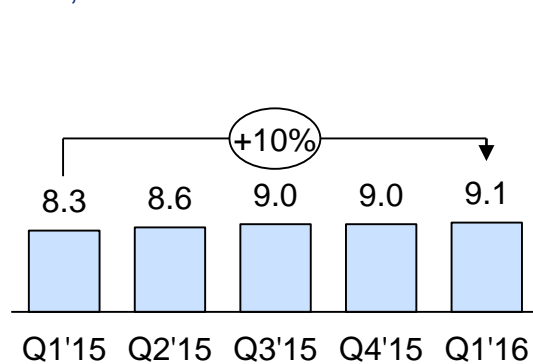
Slight growth in consumer loans

Consumer Loans⁽²⁾
TRY, bn



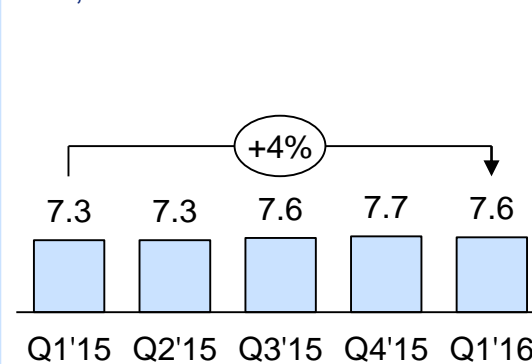
Continued focus on GPL

General Purpose Loans⁽³⁾
TRY, bn



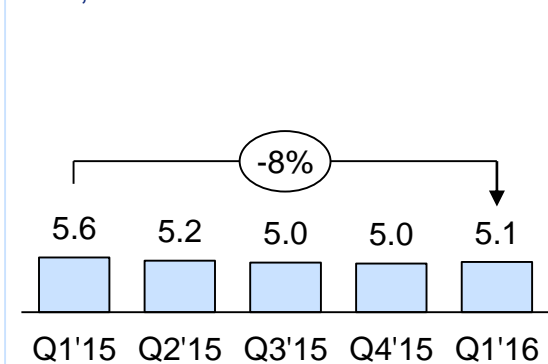
Slight YoY increase in credit card loans

Credit Card Loans⁽⁴⁾
TRY, bn



Modest QoQ growth in mortgages

Mortgage Loans
TRY, bn



(1) Based on BRSA segment definition

(2) Including GPL, overdraft and mortgage loans

(3) Including overdraft

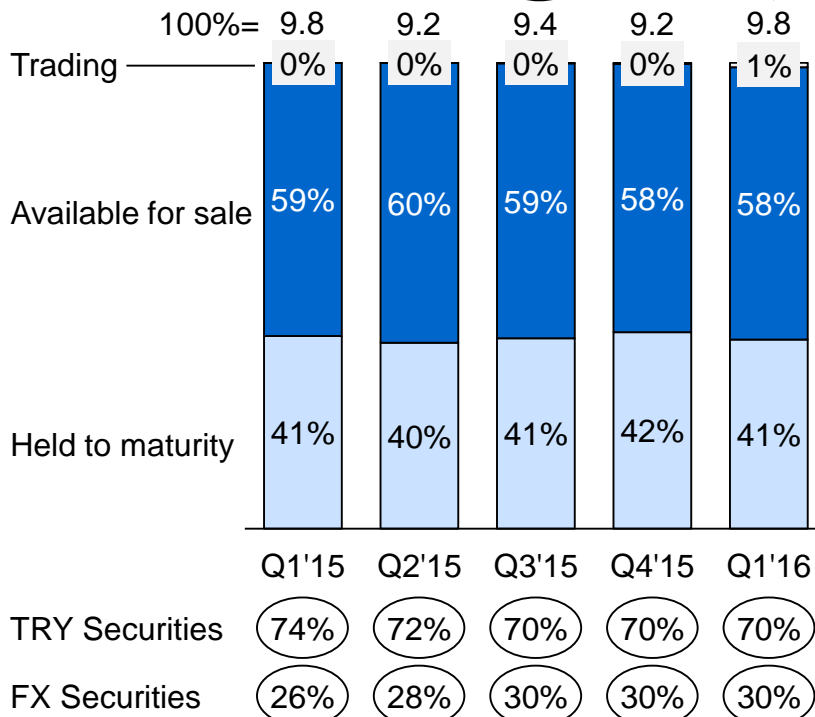
(4) Credit card outstandings from individual clients

Securities portfolio increased to 9.8 bn TRY, making up 11% of assets

Security portfolio remained flat on YoY basis

Total Securities

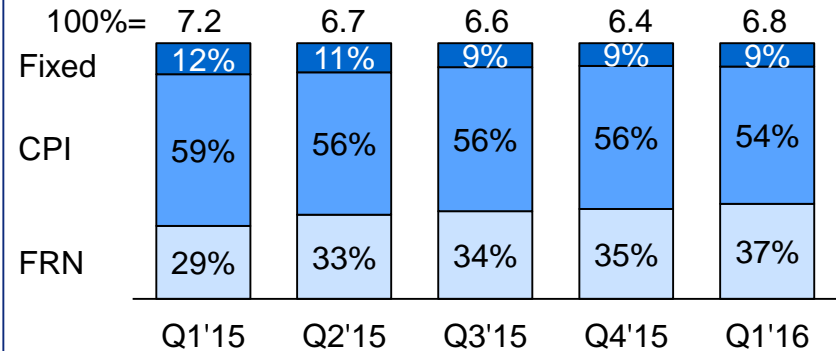
TRY, bn



91% of TRY securities are indexed / variable rate

TRY Securities

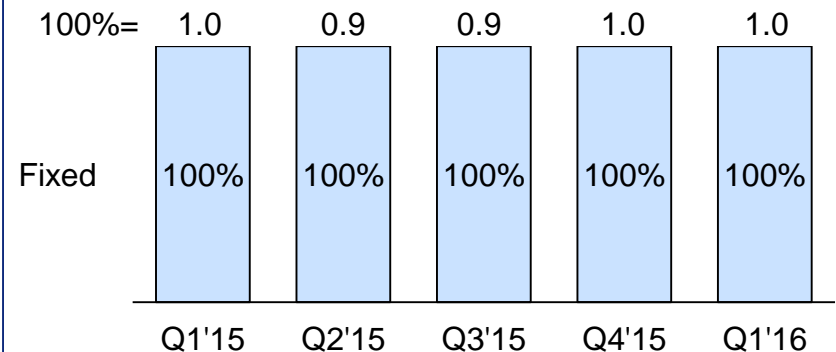
TRY, bn



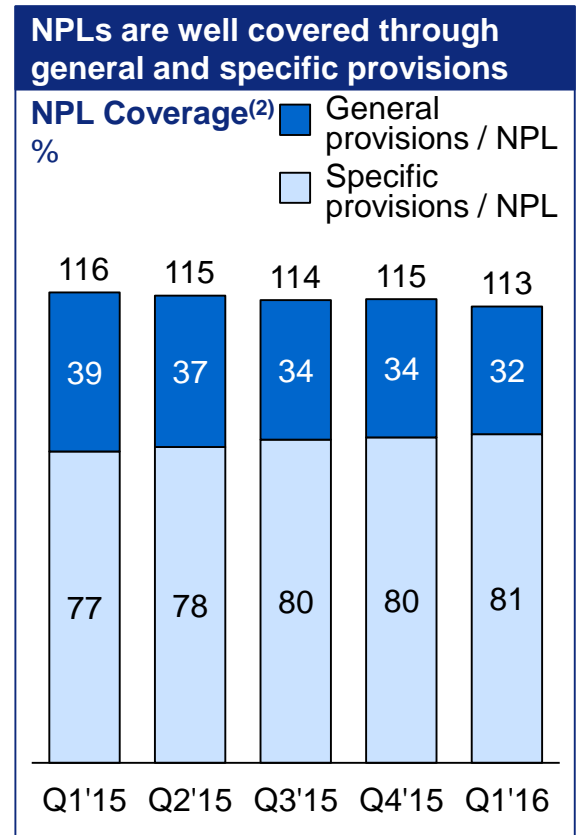
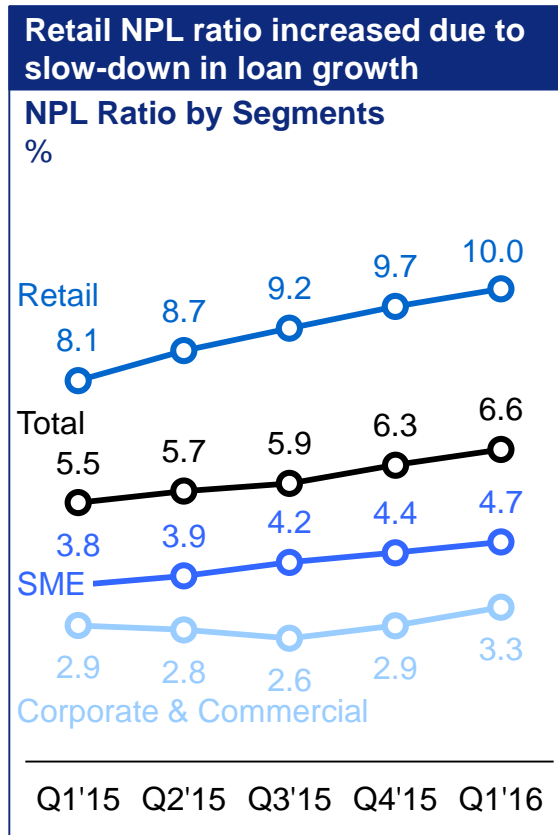
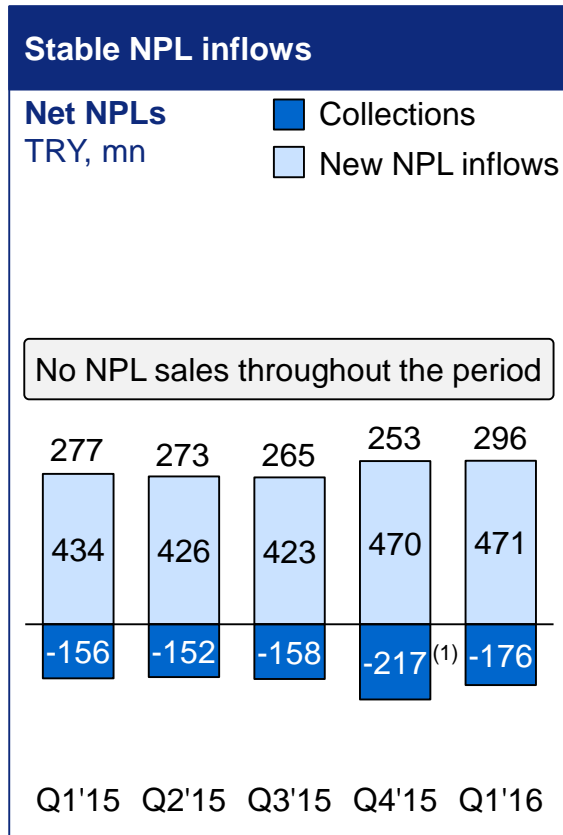
FX securities are flat YoY in USD terms

FX Securities

USD, bn



Controlled asset quality with high coverage ratios



(1) One-off collection from a large corporate NPL file

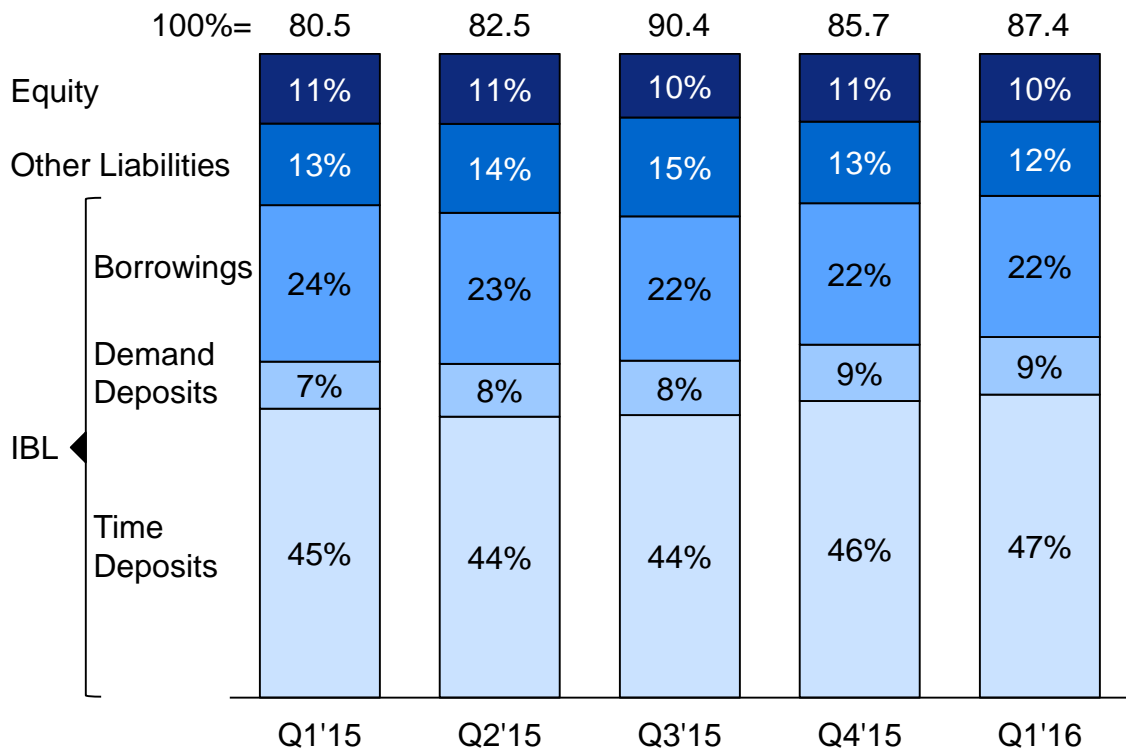
(2) General provisions include watch-list provisions

Well-diversified funding structure underpinned by solid deposit base

Increasing diversification of funding sources

Total Liabilities

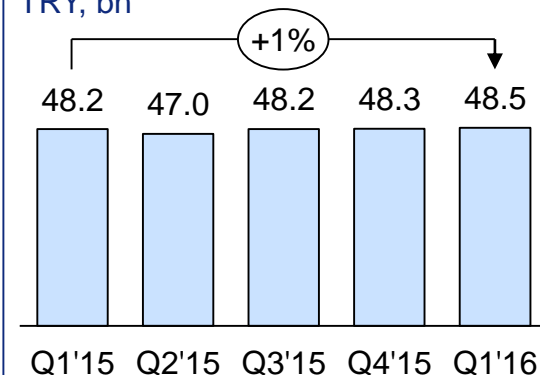
TRY, bn



TRY liabilities grew by 1% YoY

TRY Liabilities

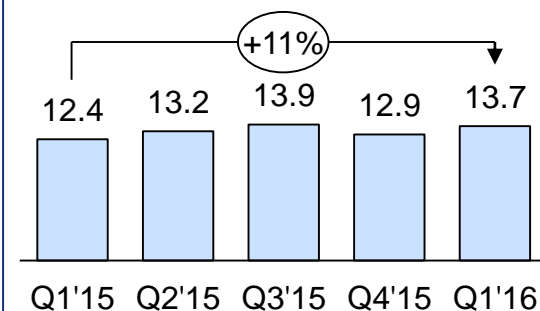
TRY, bn



FX liabilities are up by 11% YoY

FX Liabilities

USD, bn

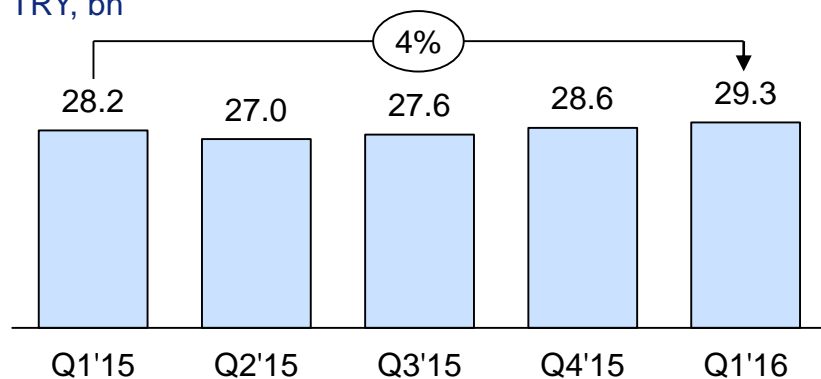


Solid deposit growth supported by strong demand deposit increase that helps maintain stable L/D ratio

4% increase in TRY customer deposits on YoY basis

TRY Deposits

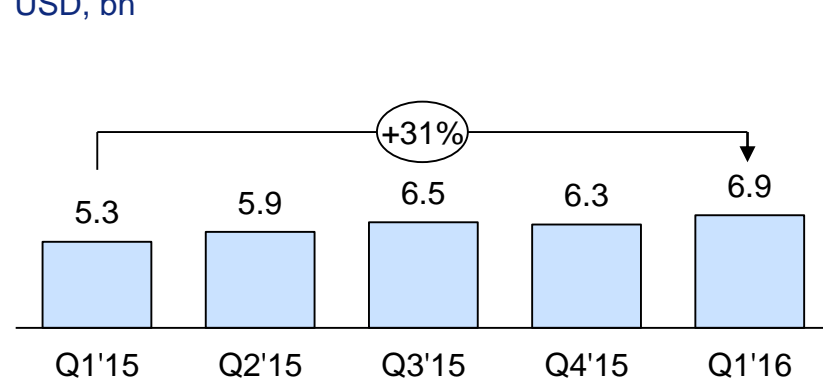
TRY, bn



31% YoY increase in FX customer deposits

FX Deposits

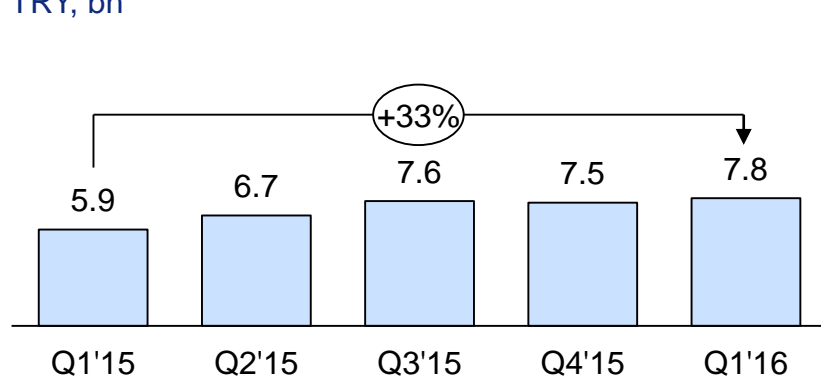
USD, bn



Demand deposits stand at 16% of total deposits

Demand Deposits

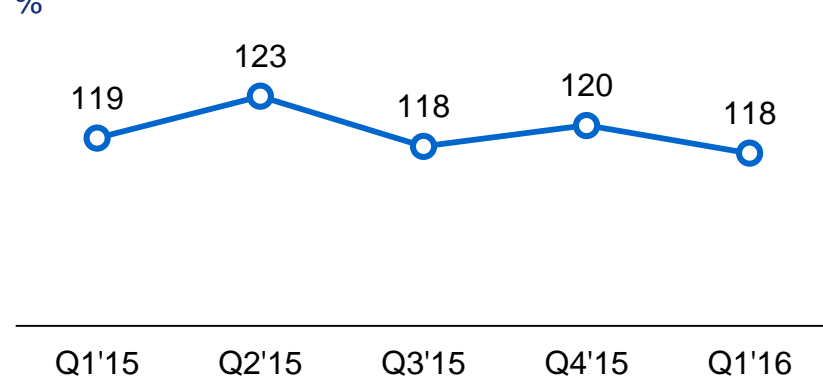
TRY, bn



Loan-to-deposit ratio in line with the sector

Loan-to-deposit ratio⁽¹⁾

%



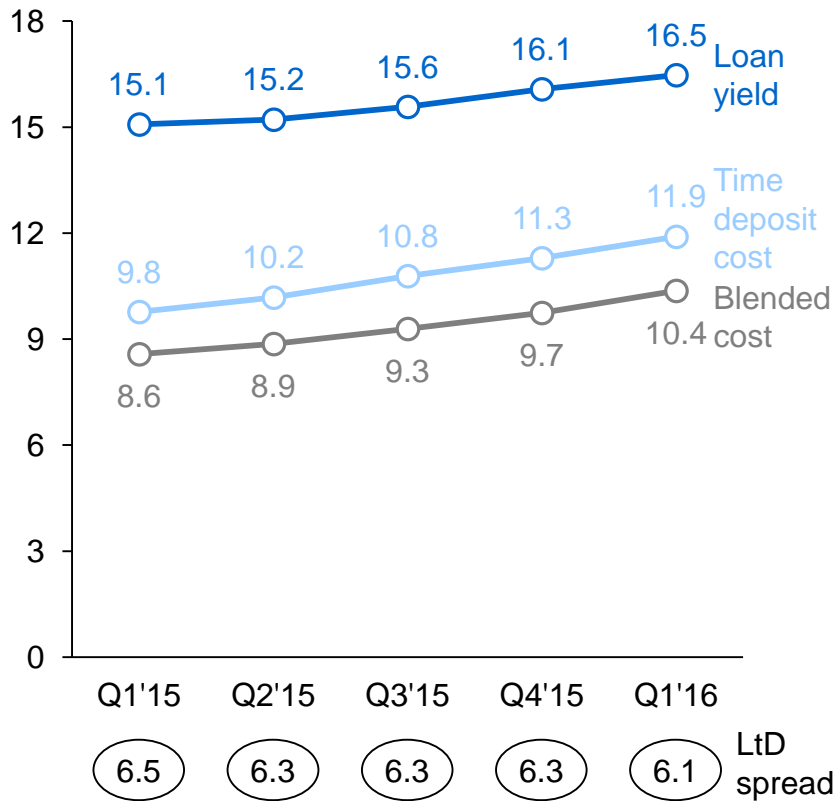
(1) Including TRY bonds

Slight QoQ decrease in loan-deposit spread due to increasing competition on deposits

TRY loan-deposit spread decreased by 23 bps QoQ

TRY Spread

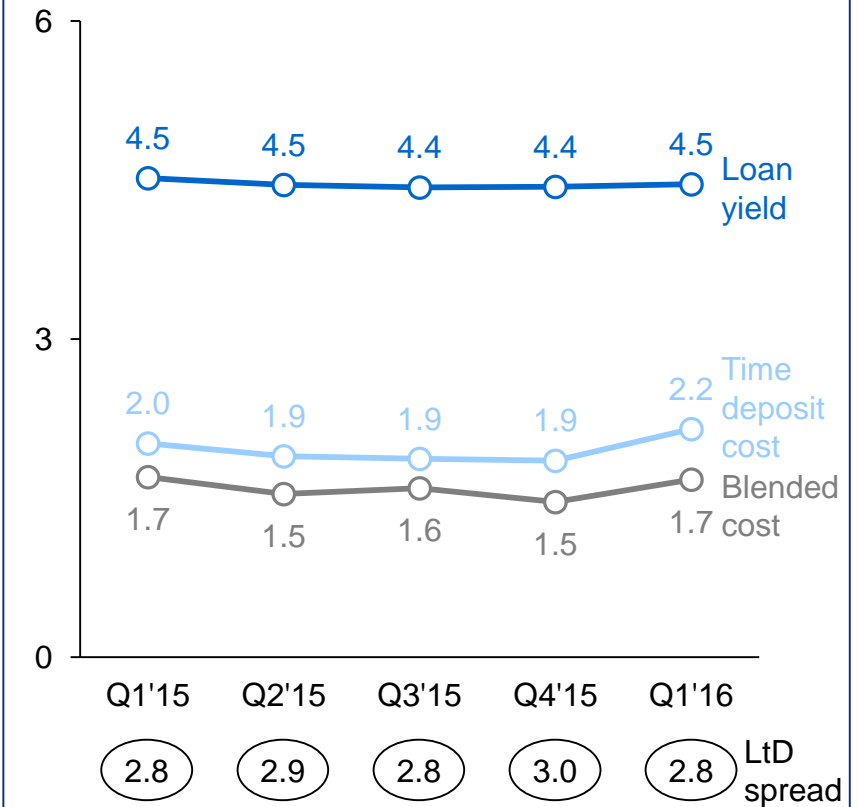
%, Quarterly average



TRY loan-deposit spread decreased by 19 bps QoQ

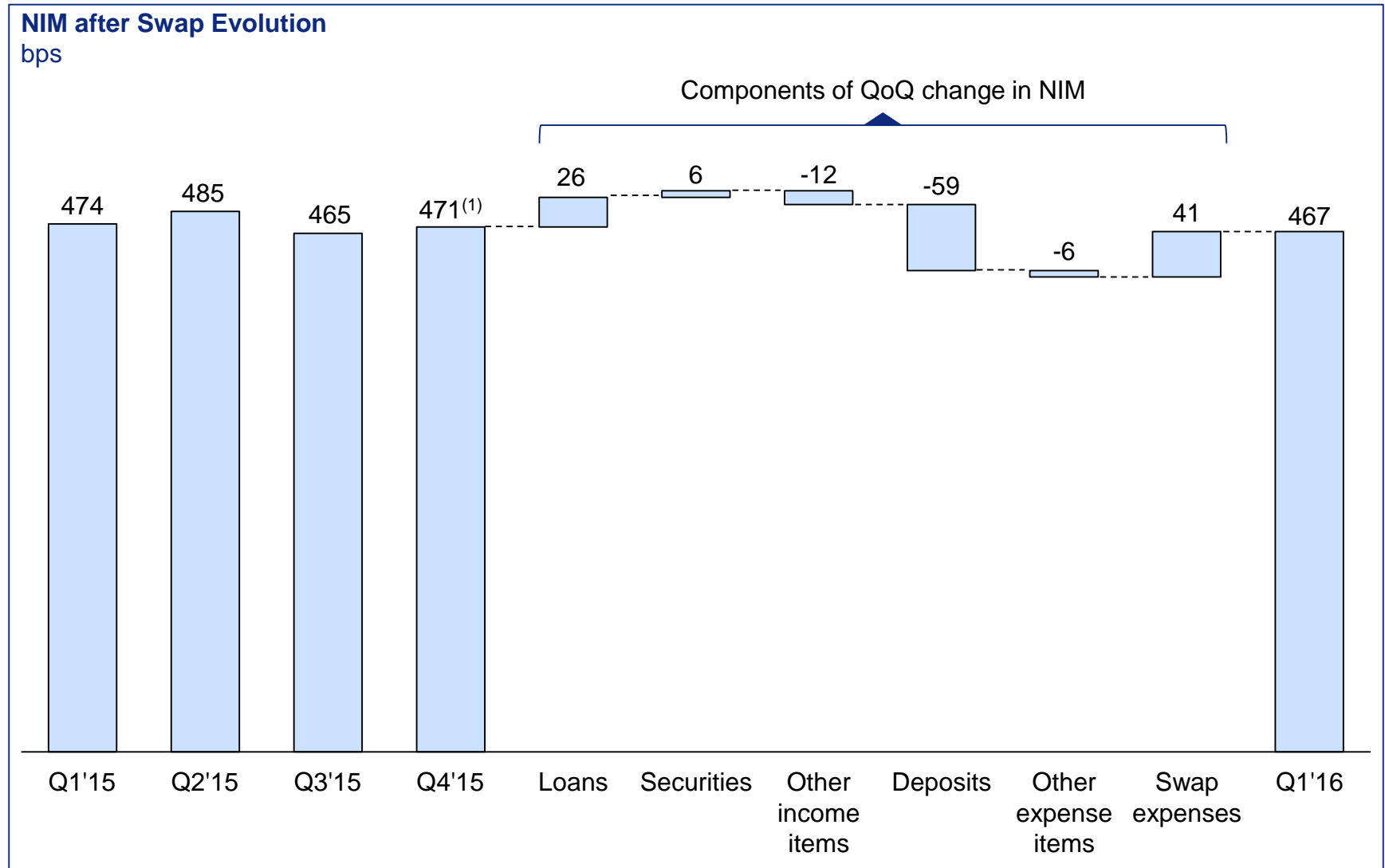
FX Spread⁽¹⁾

%, Quarterly average



(1) Adjusted for FX rate changes

Almost flat NIM in Q1'16 despite elevated deposit costs

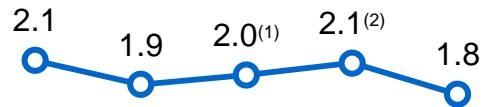


(1) Excluding one-off collection from a large corporate NPL file. If included, Q4'15 NIM would be 5.0

Improvement in CoR due to continuing focus on business banking

QoQ decrease in CoR

Cost of Risk
%



Q1'15 Q2'15 Q3'15 Q4'15 Q1'16

Shift towards business banking helps improve cost of risk

	Loan Composition					SCoR	General
	% of total loans					Q1'16, %	Prov. Rates %
Credit cards	14	14	13	14	13	3.7	4.0
General purpose loans	16	16	16	16	16	3.3	4.0
Mortgage	11	10	9	9	9	0.2	1.0
SME	36	35	36	35	36	1.8	0.5
Corporate & Commercial	23	25	26	27	26	0.8	1.0
	Q1'15	Q2'15	Q3'15	Q4'15	Q1'16		

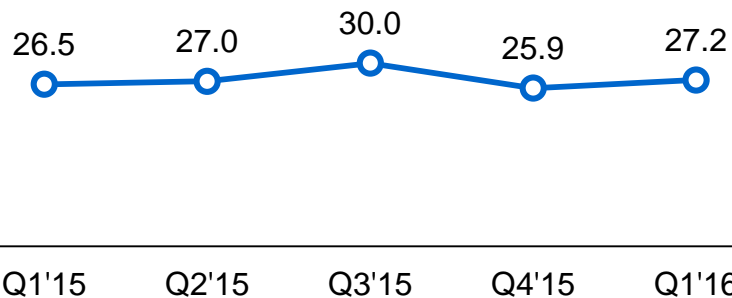
(1) Excluding reversal of TRY 46 mn free provisions. If included, Q3'15 CoR would be 1.7%.

(2) Excluding TRY 100 mn free provision. If included, Q4'15 CoR would be 2.8%

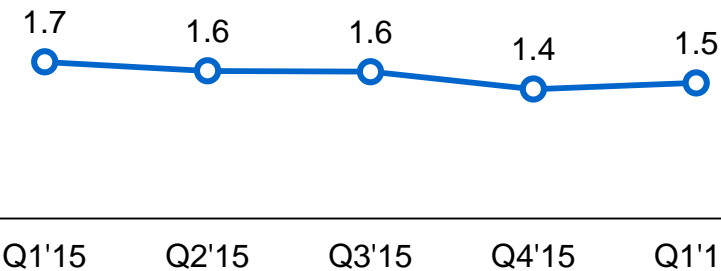
Fee generation in 2015 is around the same level compared to last year

Slight QoQ increase in the share of fees

Fees / Total Income
%

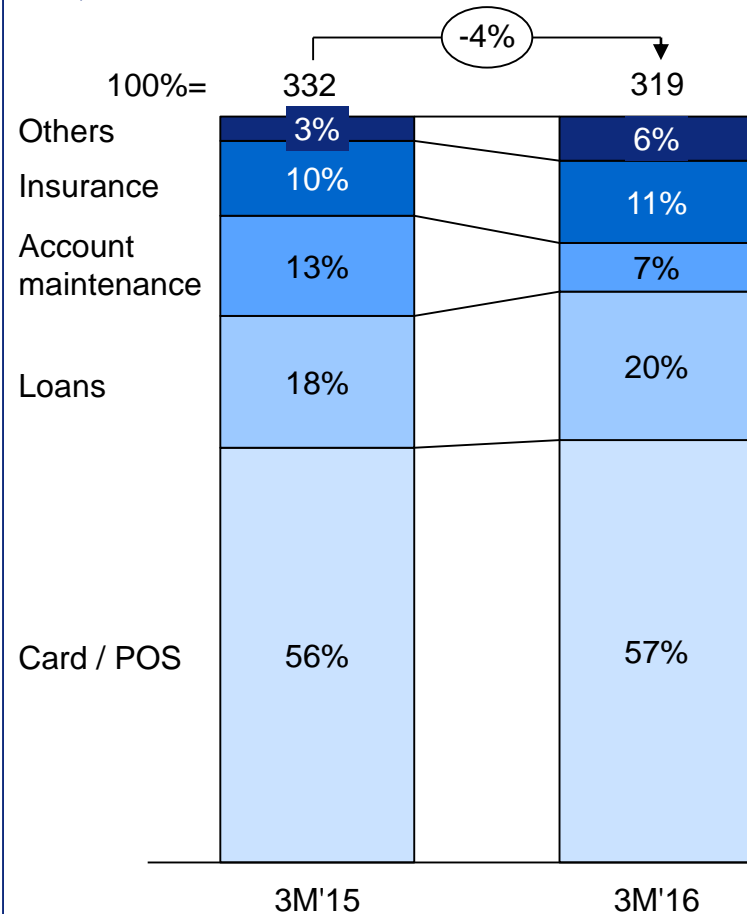


Fees / Assets
%



Slight decrease in fee generation on YoY basis due to pressure of regulations

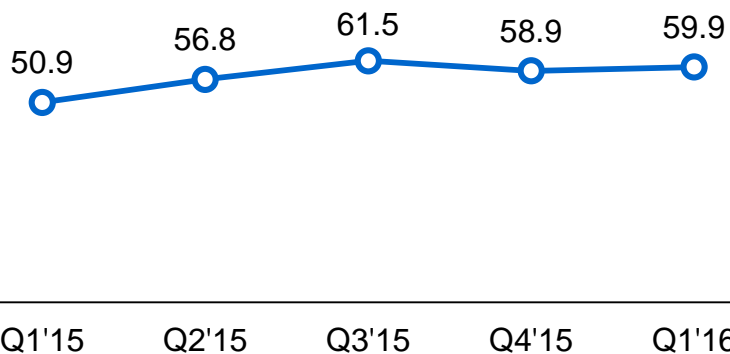
Cumulative Net Fees and Commissions⁽¹⁾
TRY, mn



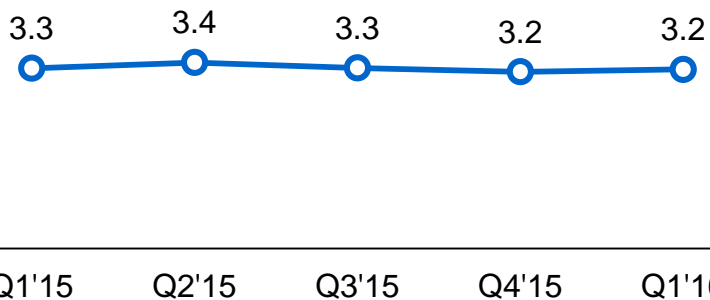
Operating expenditures flat over previous quarter

Almost flat efficiency metrics on QoQ basis

Cost / Income⁽¹⁾
%

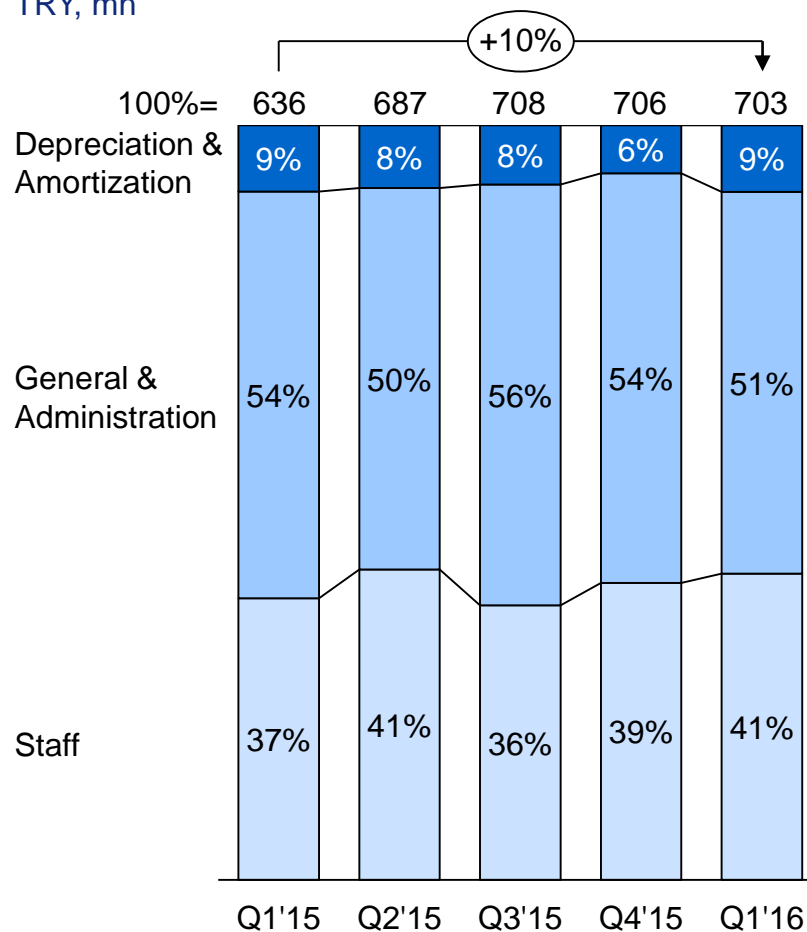


OpEx / Assets⁽¹⁾
%



Flat OpEx on QoQ basis

OpEx⁽¹⁾
TRY, mn



(1) Including commission refunds of TRY 43 mn in Q1'15, TRY 40 mn in Q2'15, TRY 47 mn in Q3'15, TRY 37 mn in Q4'15 and TRY 38 mn Q1'16

Almost flat bottom-line excluding one-offs in previous periods

TRY, mn	Q1'15	Q4'15	Q1'16	ΔQoQ	ΔYoY
Net Interest Income after Derivatives Expenses	718	867	820	-5%	14%
Net Interest Income	859	1,110	994	-10%	16%
Derivatives expenses	-140	-243	-174	-28%	24%
Net Fees & Commissions	332	310	319	3%	-4%
Trading & Other Income ⁽¹⁾	138	20	34	66%	-76%
Total Operating Income	1,250	1,197	1,173	-2%	-6%
Provisions	-272	-401	-266	-34%	-2%
OpEx	-636	-706	-703	0%	10%
Net Operating Income	342	91	204	124%	-40%
Taxation	-59	-59	-42	-28%	-28%
Net Income	283	32	162	401%	-43%

- **Almost flat total operating income** despite the pressure on fees & commission
- **Almost flat provisions** on YoY basis
- **Flat OpEX** on **QoQ** basis
- QoQ **net operating income** around the **same level** excluding provisioning in Q4'15

(1) Including dividend income from subsidiaries

Appendix

Pg. 17 Key financial ratios

Pg. 18 Balance sheet summary

Key financial ratios

	All figures quarterly	Q1'15	Q2'15	Q3'15	Q4'15	Q1'16	ΔQoQ	ΔYoY
Profitability	RoAE	13.1%	10.0%	7.6%	1.4%	7.1%	+5.7 pps	-6.0 pps
	RoAA	1.5%	1.1%	0.8%	0.1%	0.7%	+0.6 pps	-0.7 pps
	Cost / Income	50.9%	56.8%	61.5%	58.9%	59.9%	+1.0 pps	+9.0 pps
	NIM after swap expenses	4.7%	4.8%	4.7%	4.7% ⁽¹⁾	4.7%	flat	flat
Liquidity	Loans / Deposits	124.8%	127.7%	120.9%	121.8%	119.5%	-2.4 pps	-5.3 pps
	Loans / (Dep. + TRY Bonds)	119.2%	123.4%	118.3%	120.5%	117.6%	-2.9 pps	-1.6 pps
Asset Quality	NPL Ratio	5.5%	5.7%	5.9%	6.3%	6.6%	+0.3 pps	+1.1 pps
	Coverage	76.9%	78.1%	79.9%	80.4%	81.2%	+0.8 pps	+4.3 pps
	Cost of Risk	2.1%	1.9%	2.0% ⁽²⁾	2.1% ⁽³⁾	1.8%	-0.3 pps	-0.3 pps
Solvency	CAR	16.0%	15.8%	15.0%	15.4%	14.7%	-0.7 pps	-1.3 pps
	Tier I Ratio	12.5%	12.3%	11.6%	12.0%	12.7%	+0.7 pps	+0.2 pps
	Leverage	9.2	9.2	10.1	9.5	9.5	flat	+0.3

(1) Excluding TRY 43.7 mn interest income from NPL customer. If included, Q4'15 NIM would be 5.0

(2) Excluding reversal of TRY 46 mn free provisions. If included, Q3'15 CoR would be 1.7%.

(3) Excluding TRY 100 mn free provision. If included, Q4'15 CoR would be 2.8%

Balance sheet summary

	TRY, mn	Q1'15	Q2'15	Q3'15	Q4'15	Q1'16	ΔQoQ	ΔYoY
Assets	Cash & Banks ⁽¹⁾	9,668	9,720	12,209	10,313	10,941	6%	13%
	Securities	9,759	9,199	9,356	9,197	9,765	6%	0%
	Net Loans	52,412	54,603	57,194	57,273	58,447	2%	12%
	Fixed Assets & Subsidiaries	2,243	2,259	2,244	2,283	2,398	5%	7%
	Other	6,412	6,673	9,406	6,661	5,802	-13%	-10%
	Total Assets	80,494	82,454	90,410	85,727	87,354	2%	9%
Liabilities & Equity	Customer Deposits	42,009	42,743	47,306	47,009	48,920	4%	16%
	Borrowings	19,581	19,358	20,296	18,835	19,176	2%	-2%
	Bonds Issued	5,583	5,134	5,004	4,336	4,725	9%	-15%
	Funds Borrowed	5,519	5,854	6,962	5,640	5,922	5%	7%
	Sub-debt	2,417	2,459	2,820	2,662	2,627	-1%	9%
	Bank Deposit	1,561	1,450	1,466	1,557	1,652	6%	6%
	Repo	4,501	4,461	4,044	4,639	4,250	-8%	-6%
	Other	10,190	11,391	13,870	10,860	10,090	-7%	-1%
	Equity	8,714	8,961	8,937	9,024	9,166	2%	5%
	Total Liabilities & Equity	80,494	82,454	90,410	85,727	87,354	2%	9%

(1) Includes banks, interbank, other financial institutions

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