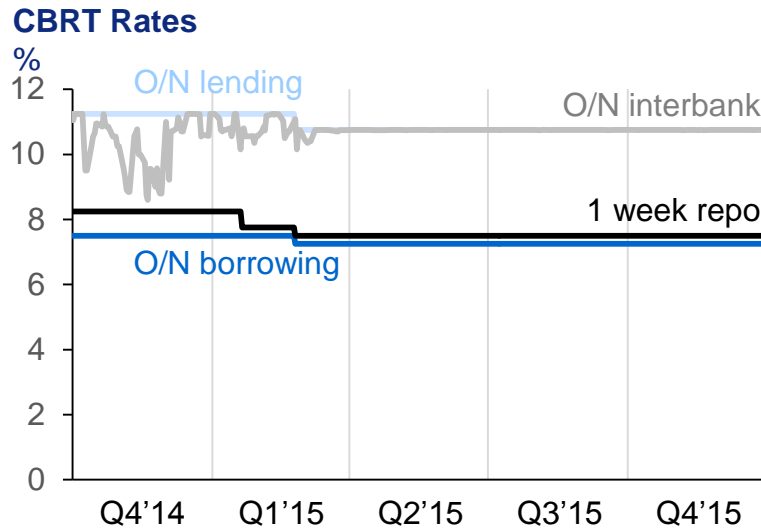


Finansbank Q4'15 Earnings Presentation

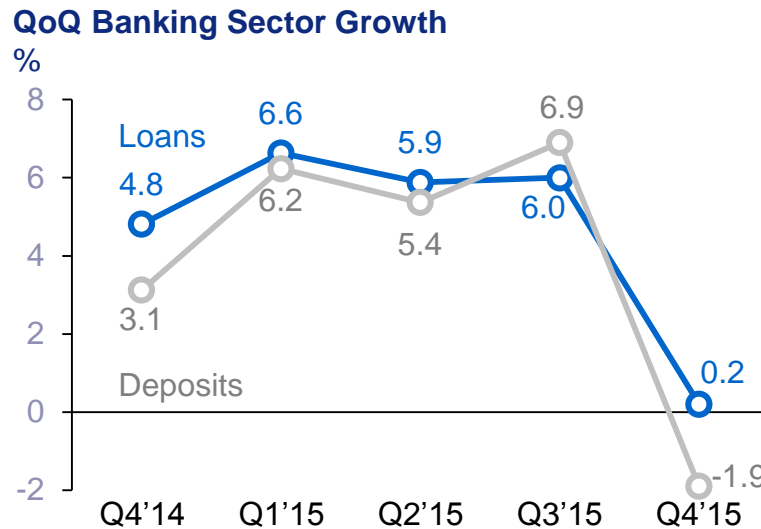
Global and local uncertainties prevailed in the last quarter, banking sector growth was muted as a result

Macro Dynamics



- **FED raised interest rate** by 25 bps ending the 7-year zero interest rate era.
- **ECB extended quantitative easing** until at least March 2017.
- **Weak macroeconomic data from China** continued to fuel global growth concerns and led to heightened volatility in markets.
- TRY remained volatile during the quarter, as **general elections in November** added to the already high uncertainty.
- **CBRT kept policy rates stable** following Fed's rate hike while using liquidity policies to manage short-term interest rates at ceiling of the corridor.

Banking Sector Dynamics

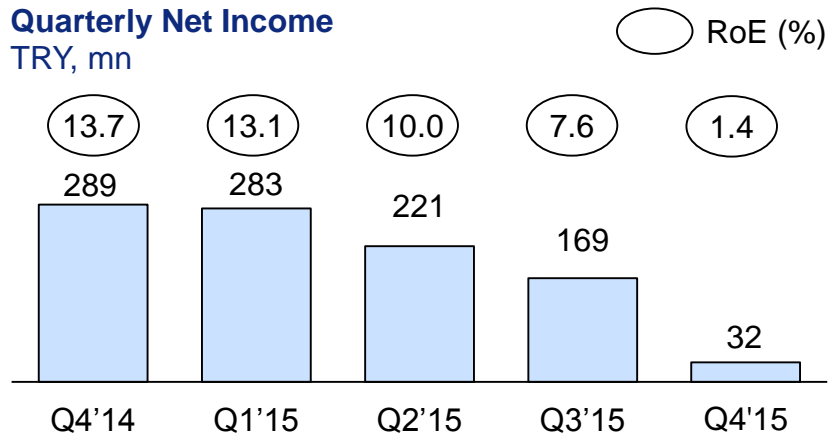


- **Growth** was muted in banking sector both on loans and deposits fronts, TRY appreciation also had a negative impact on growth figures.
- Funding costs remained high as deposit market continued to be competitive. Loan repricing accelerated in last quarter, positively affecting **NIM** of the sector.
- **Asset quality** remained intact despite slight increase in NPL ratio.

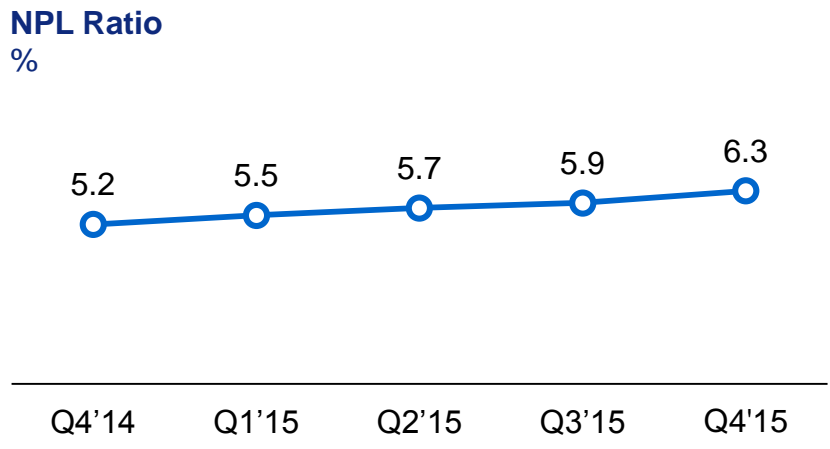
Source: CBRT; BRSA

Capitalization resilient despite macro headwinds, profitability driven by proactive and conservative provisioning policy

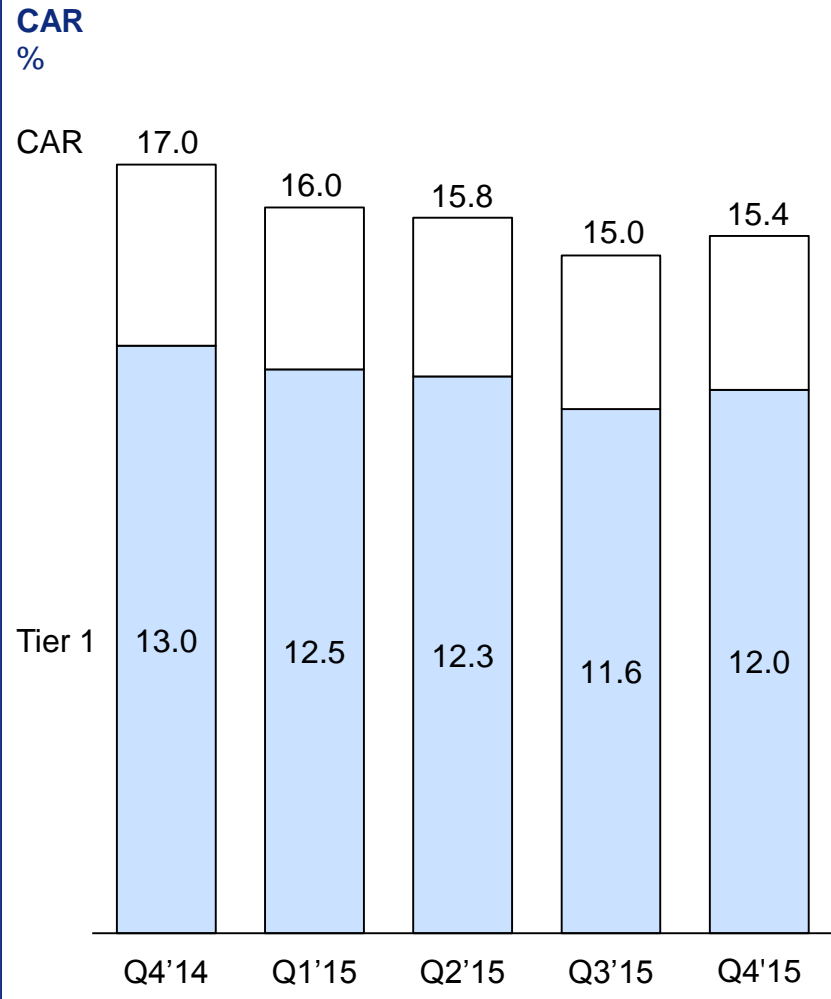
Net income developments reflect conservative provisioning⁽¹⁾ on top of regulatory requirements⁽²⁾



NPL ratio slightly deteriorated similar to the industry trend



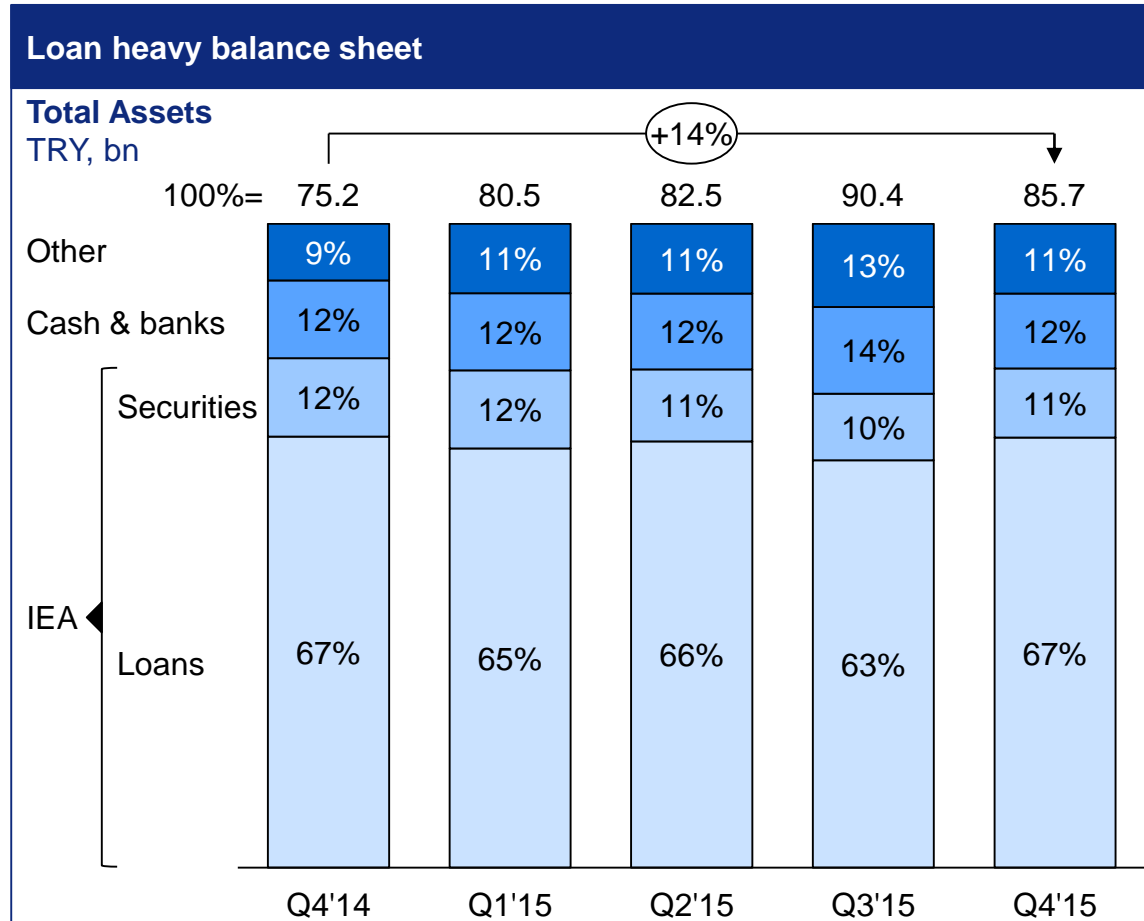
Capital adequacy at comfortable levels



(1) TRY 100 mn free provisions in Q4'15

(2) TRY 85 mn general loan loss provision in Q4'15

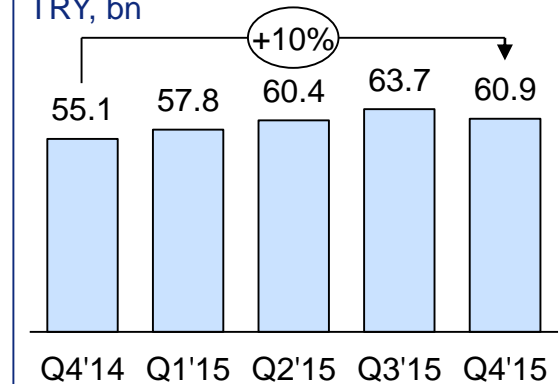
Asset size exceeded TRY 85 billion in 2015 with 14% YoY growth



TRY assets grew by 10% YoY

TRY Assets

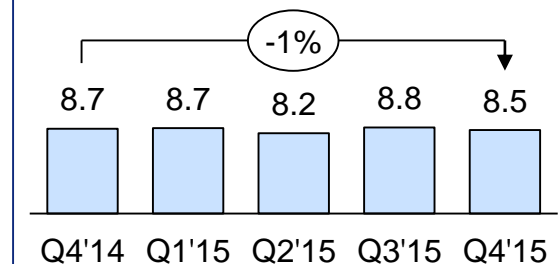
TRY, bn



Exchange rate volatility curbed demand for FX loans

FX Assets⁽¹⁾

USD, bn



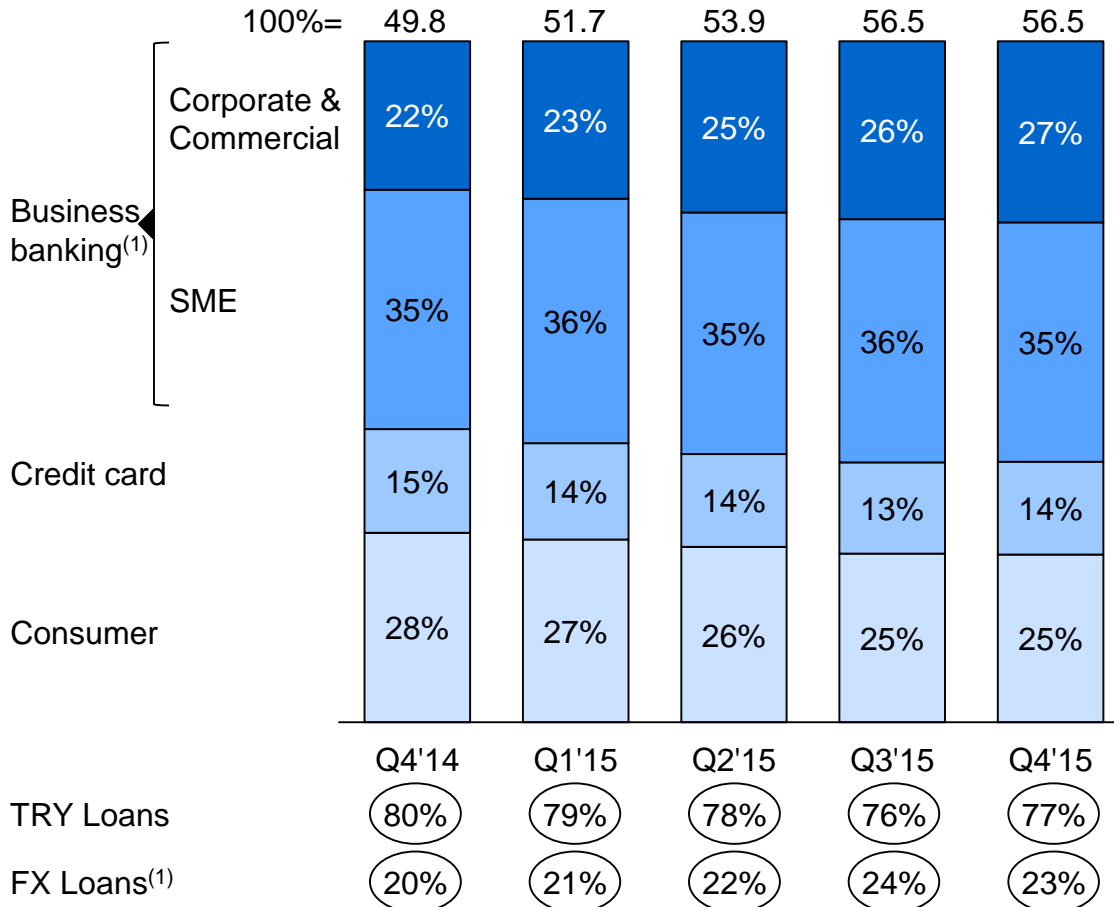
(1) FX-indexed TRY loans are shown in FX assets

Sustained and successful execution of the growth strategy...

Loan book continued to shift towards business banking

Performing Loans by Segment and Currency

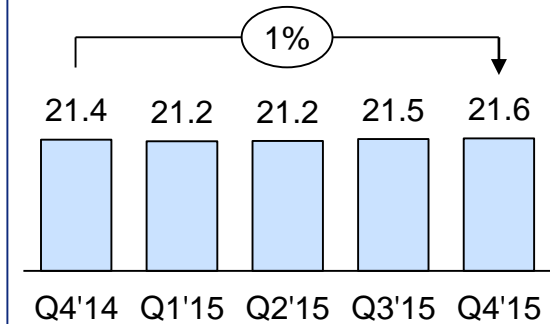
TRY, bn



Retail loans were stable in 2015

Retail Loans

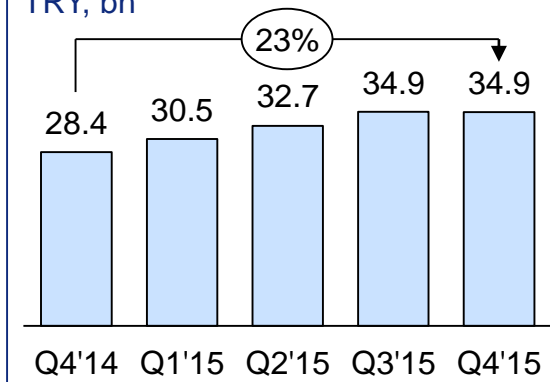
TRY, bn



Business loans grew by 23% YoY

Business Loans

TRY, bn

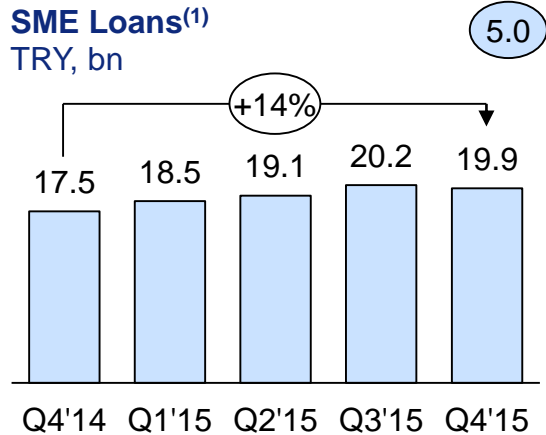


(1) Based on BRSA segment definition

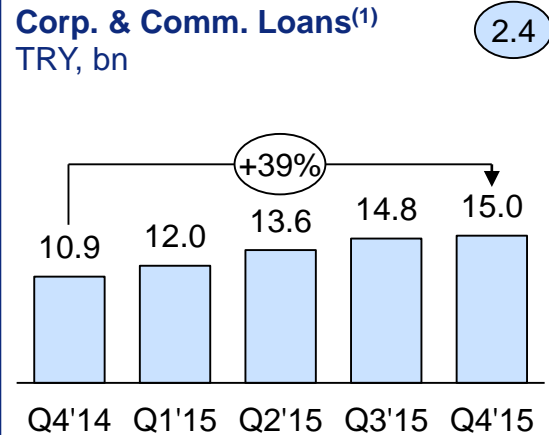
...focused on business banking loans and selective retail banking segments

○ EoP Market Share
 ■ Business banking
 ■ Retail banking

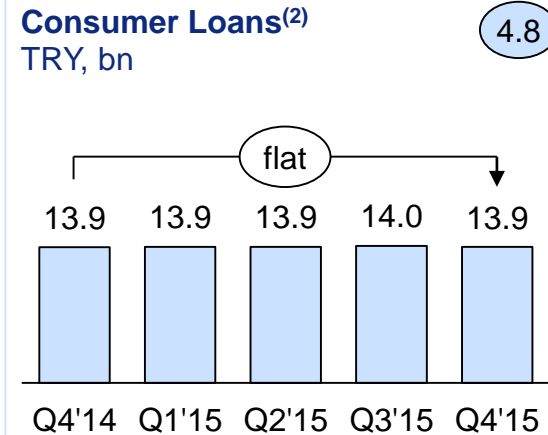
Robust growth in SME loans continued...



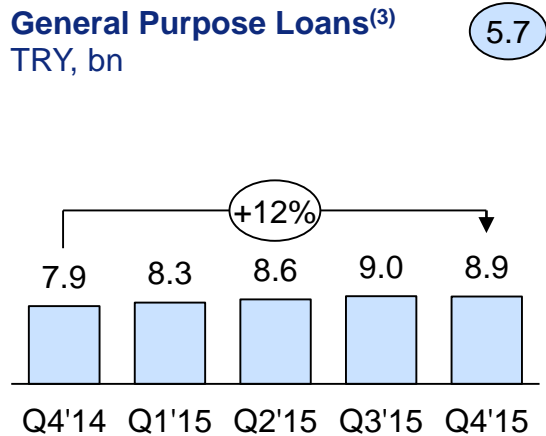
...also in corp. & comm. loans supported by exchange rate effect



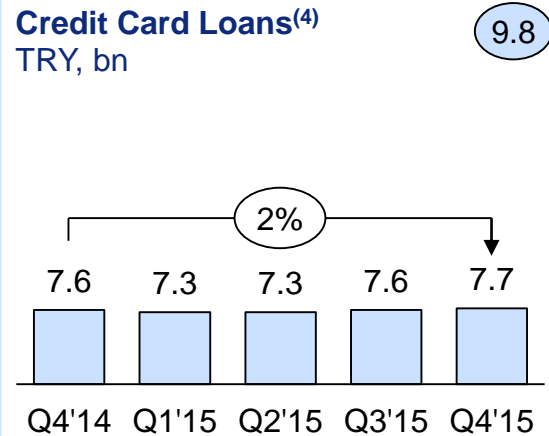
Consumer loans were flat in 2015



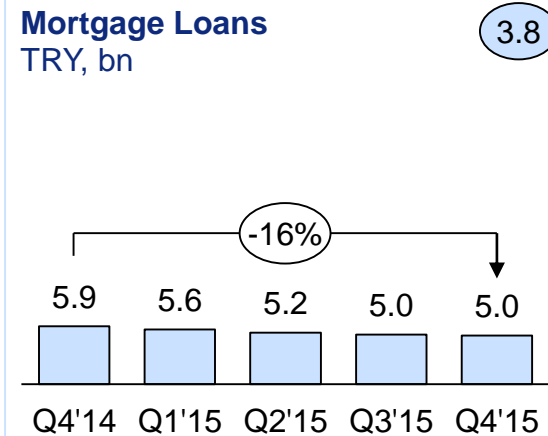
Continued focus on GPL



Slight YoY increase in credit card loans



Downward trend continued in mortgages



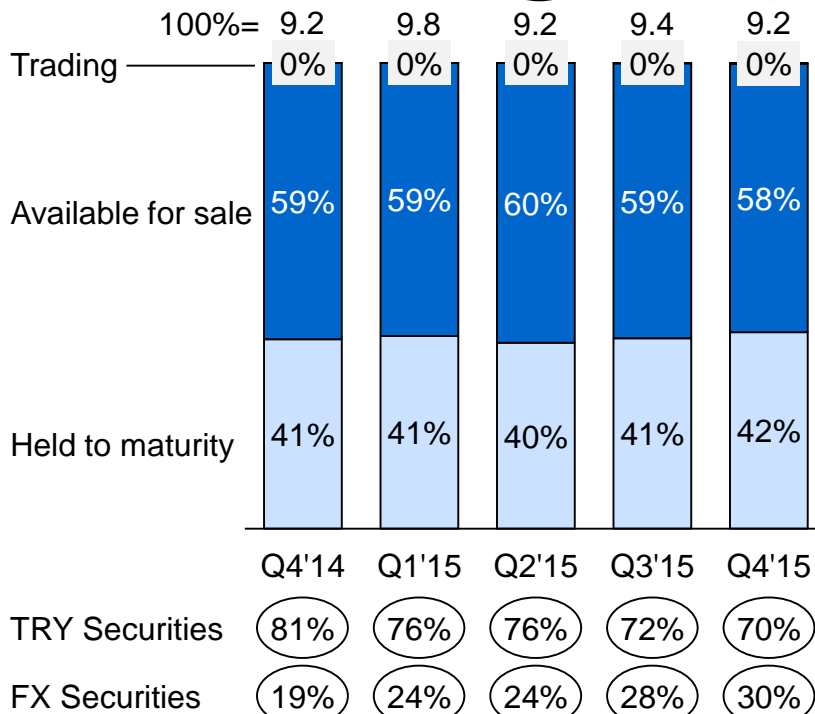
(1) Based on BRSA segment definition
 (2) Including GPL and mortgage loans
 (3) Including overdraft
 (4) Credit card outstandings from individual clients

Securities portfolio decreased to 9.2 bio TRY, making up 11% of assets

Security portfolio remained flat on YoY basis

Total Securities

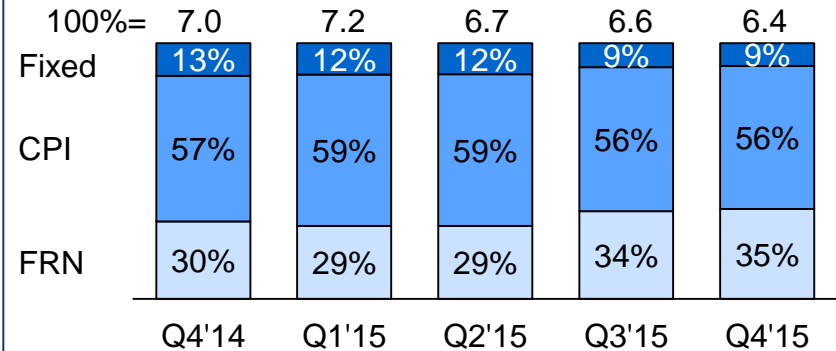
TRY, bn



91% of TRY securities are indexed / variable rate

TRY Securities

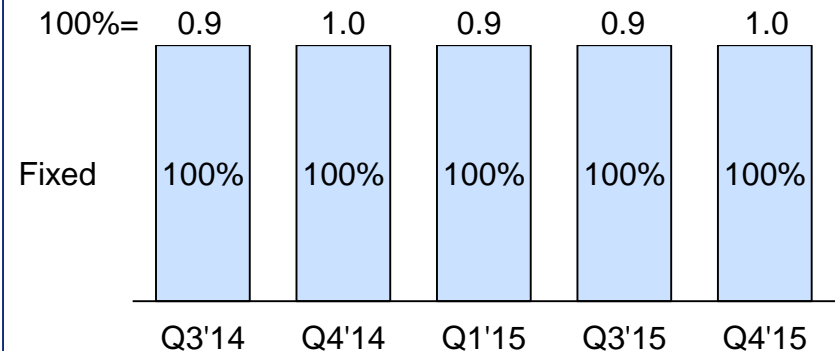
TRY, bn



FX securities grew by 3% YoY in USD terms

FX Securities

USD, bn



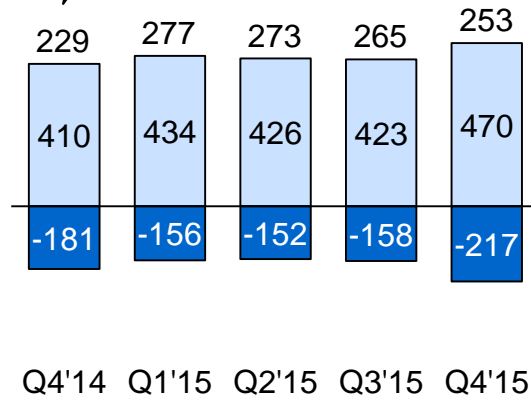
Controlled asset quality with high coverage ratios

Net NPL flows continued to improve

Net NPLs
TRY, mn

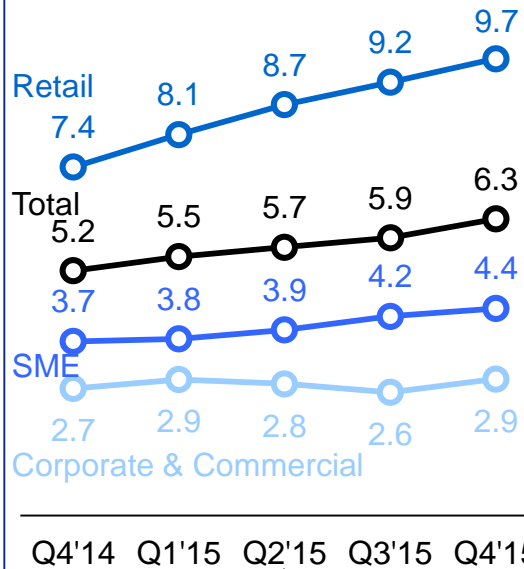
■ Collections
■ New NPL inflows

Plus TRY
329 mn
NPL sales



Retail NPL ratio increased due to slow-down in loan growth

NPL Ratio by Segments
%

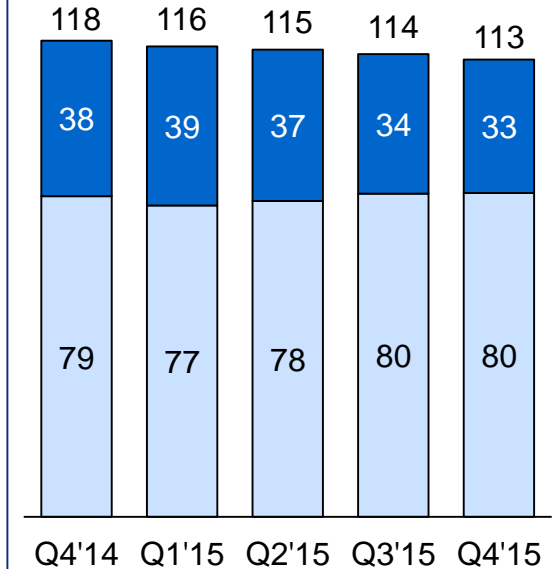


No write-off policy
and no NPL sales
in 2015

NPLs are well covered through general and specific provisions

NPL Coverage⁽¹⁾
%

■ General provisions / NPL
■ Specific provisions / NPL



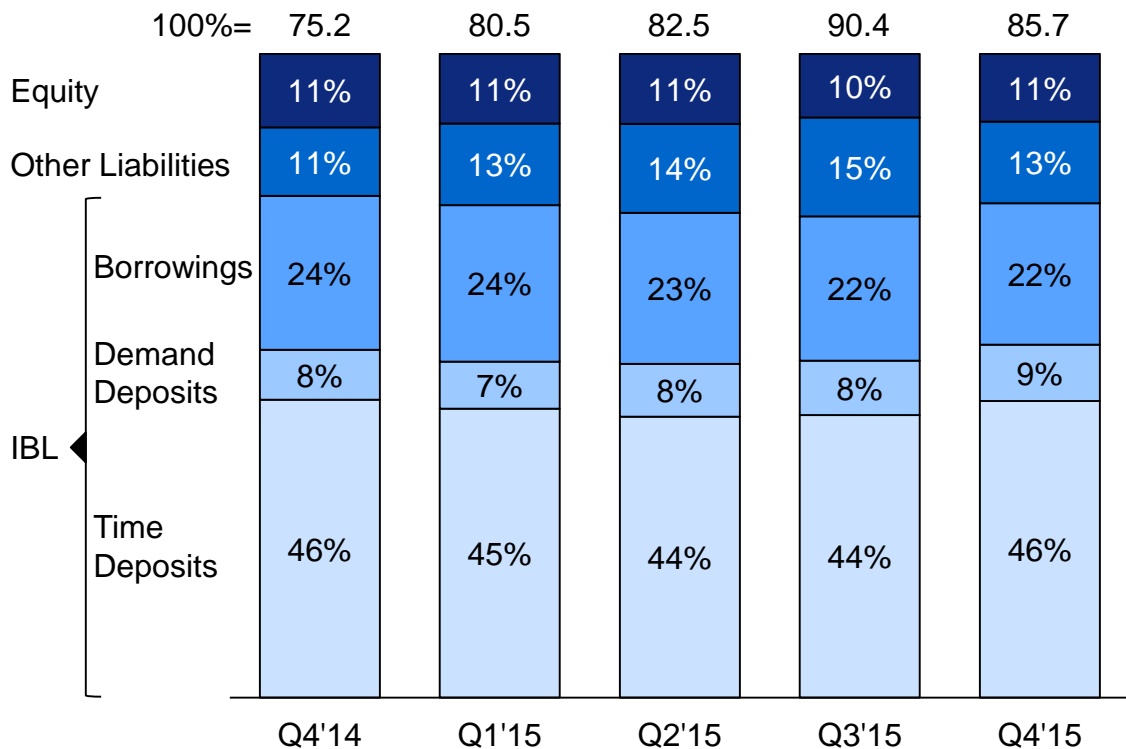
(1) General provisions include watch-list provisions

Well-diversified funding structure underpinned by solid deposit base

Increasing diversification of funding sources

Total Liabilities

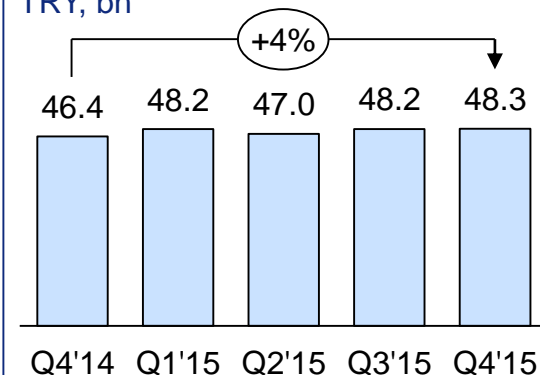
TRY, bn



TRY liabilities grew by 4% YoY

TRY Liabilities

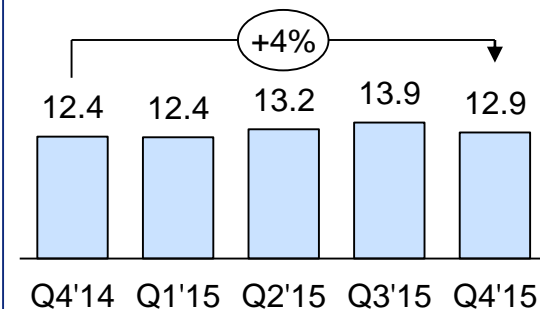
TRY, bn



FX liabilities also up by 4% YoY

FX Liabilities

USD, bn

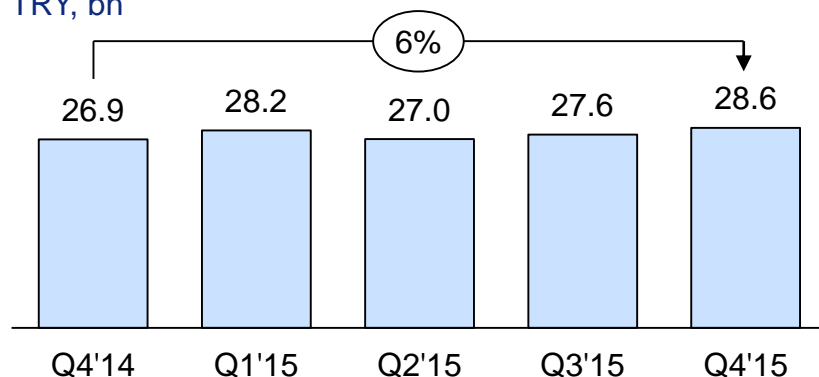


Solid deposit growth supported by strong demand deposit increase helps maintain stable L/D ratio

3% increase in TRY customer deposits on QoQ basis

TRY Deposits

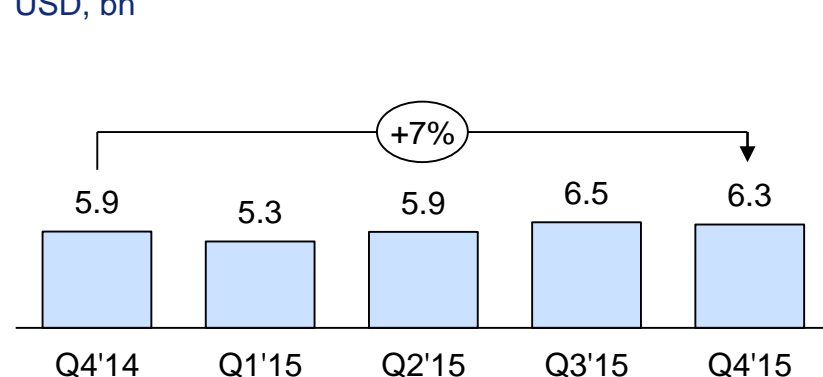
TRY, bn



7% YoY increase in FX customer deposits

FX Deposits

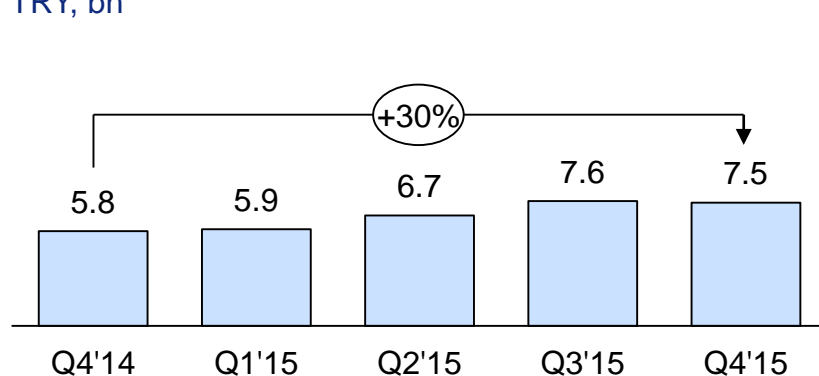
USD, bn



Demand deposits stand at 16% of total deposits

Demand Deposits

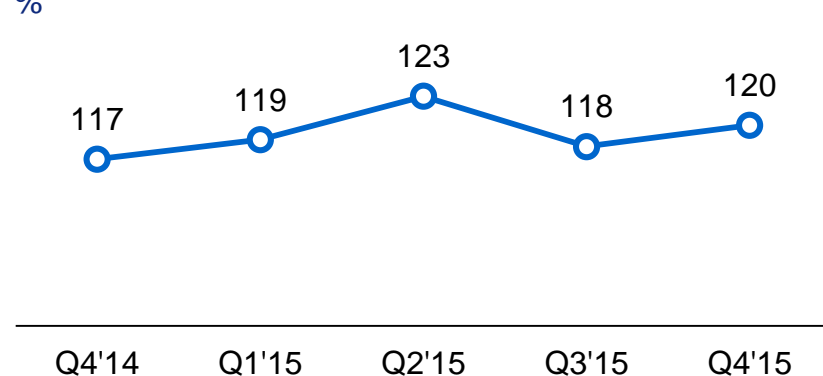
TRY, bn



Loan-to-deposit ratio in line with the sector

Loan-to-deposit ratio⁽¹⁾

%



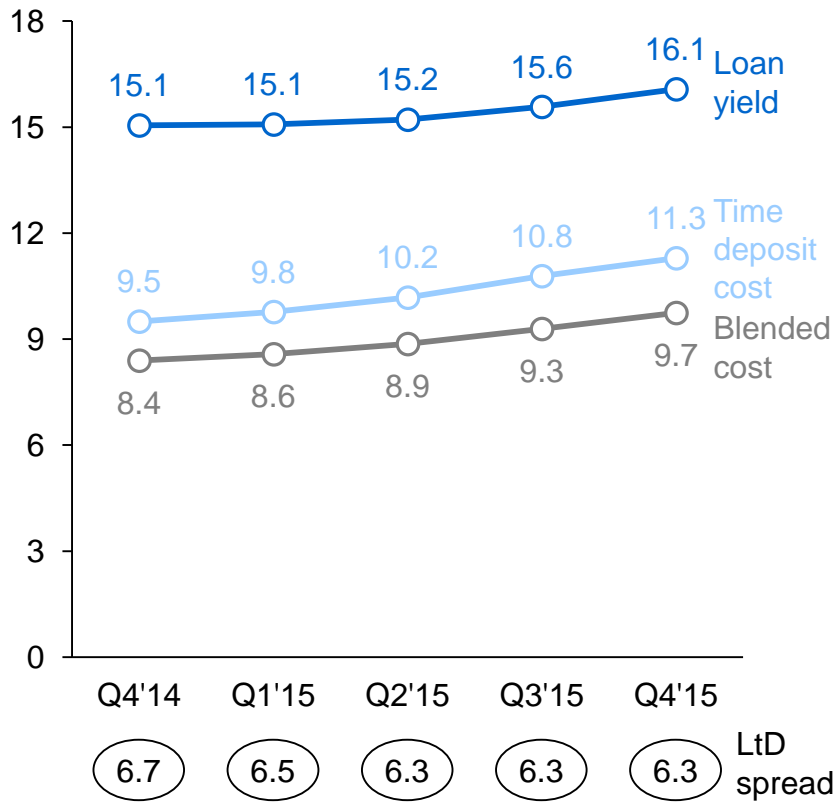
(1) Including TRY bonds

Slight QoQ increase in both TRY and FX loan-deposit spread thanks to loan repricing

TRY loan-deposit spread increased by 6 bps QoQ

TRY Spread

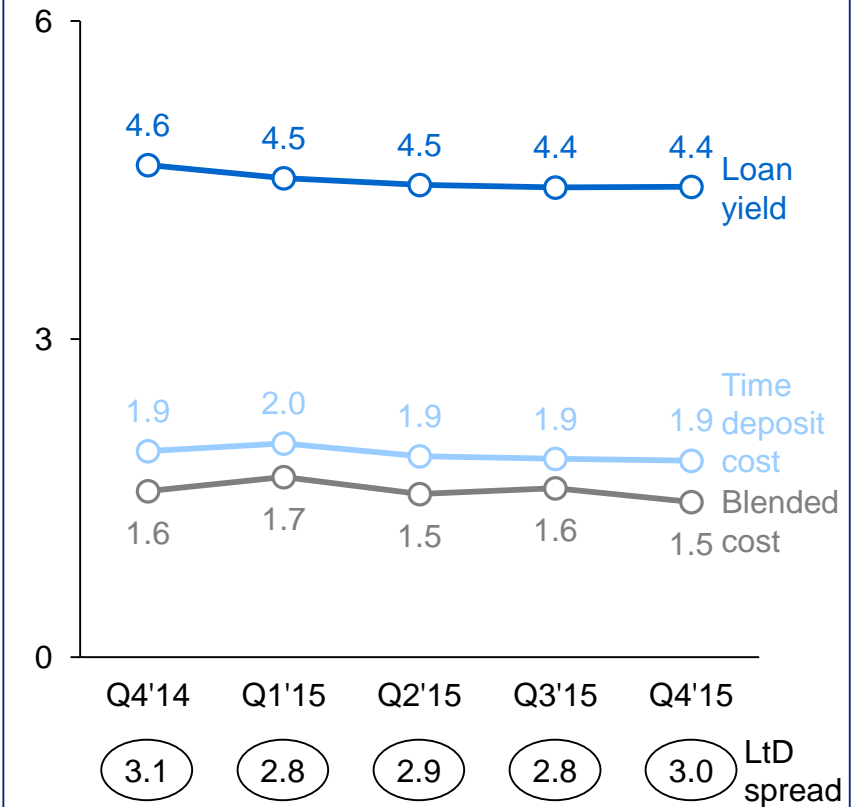
%, Quarterly average



FX loan-deposit spread increased by 14 bps QoQ

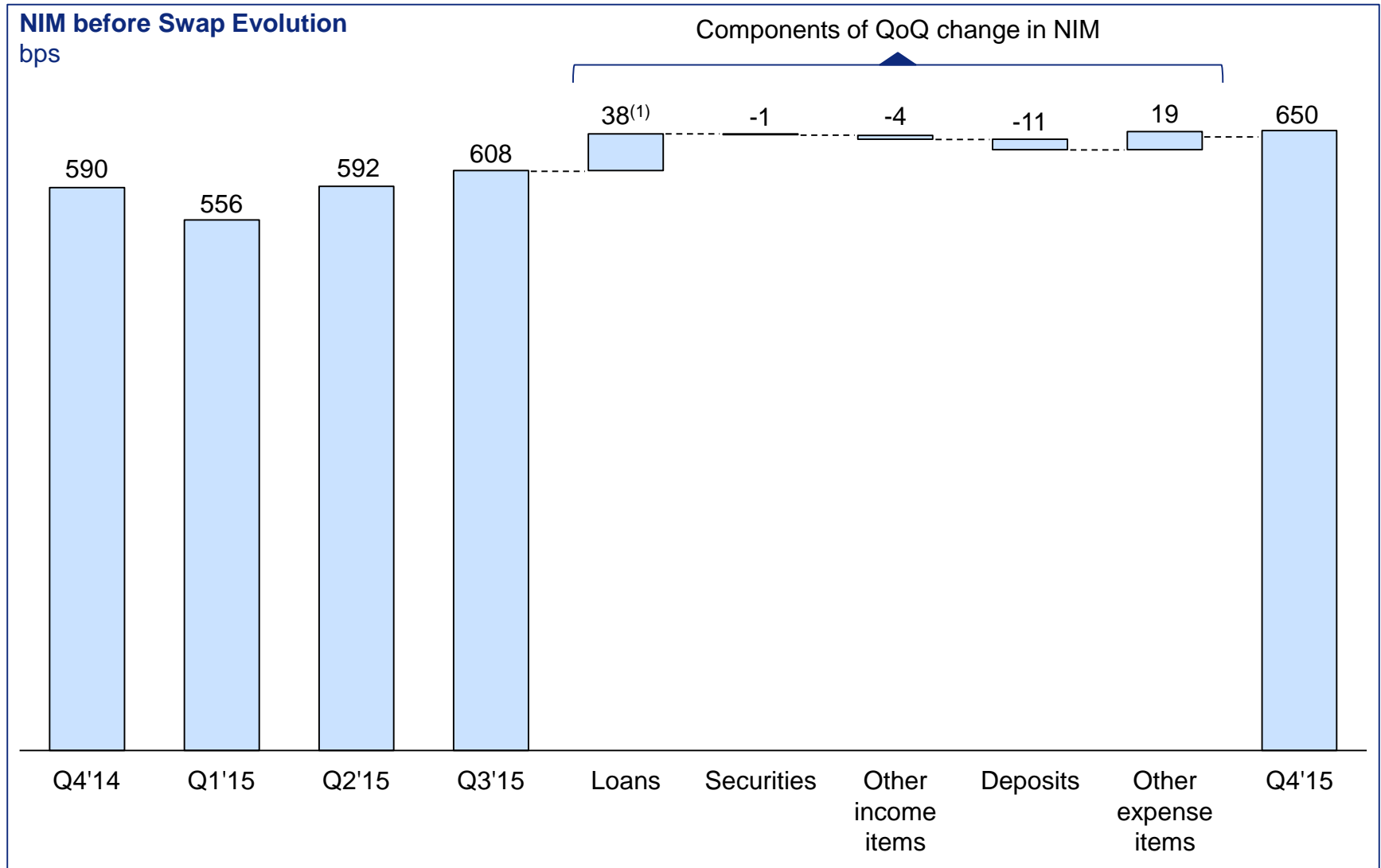
FX Spread⁽¹⁾

%, Quarterly average



(1) Adjusted for FX rate changes

NIM expansion in Q4'15 mainly driven by loan repricing



(1) Including one-off interest collection from a large NPL client

Increase in cost of risk due to free provisions of TRY 100 million

CoR remained flat QoQ excluding free provisioning on Q4'15

Cost of Risk
%



Q4'14 Q1'15 Q2'15 Q3'15 Q4'15

Shift towards business banking helps improve cost of risk

	Loan Composition					SCoR	General
	% of total loans					Q4'15, %	Prov. Rates %
Credit cards	15	14	14	13	14	4.1	4.0
General purpose loans	16	16	16	16	16	3.6	4.0
Mortgage	12	11	10	9	9	0.3	1.0
SME	35	36	35	36	35	1.4	0.5
Corporate & Commercial	22	23	25	26	27	0.1	1.0
	Q4'14	Q1'15	Q2'15	Q3'15	Q4'15		

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

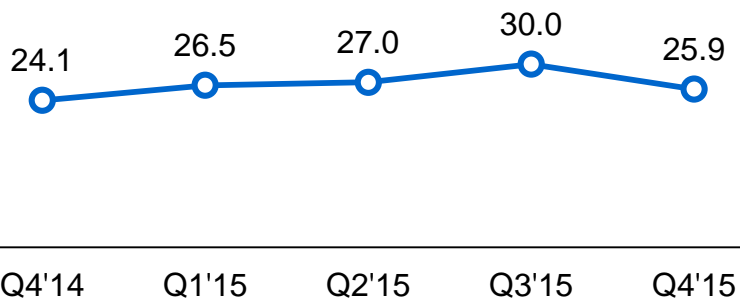
(2) Excluding TRY 100 million free provision. If included, Q4'15 CoR would be 2.8%

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

Slight decline in the share of fees in the last quarter of 2015

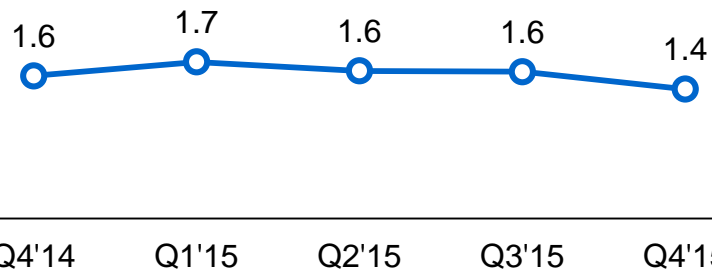
Fees / Total Income⁽¹⁾

%



Fees / Assets⁽¹⁾

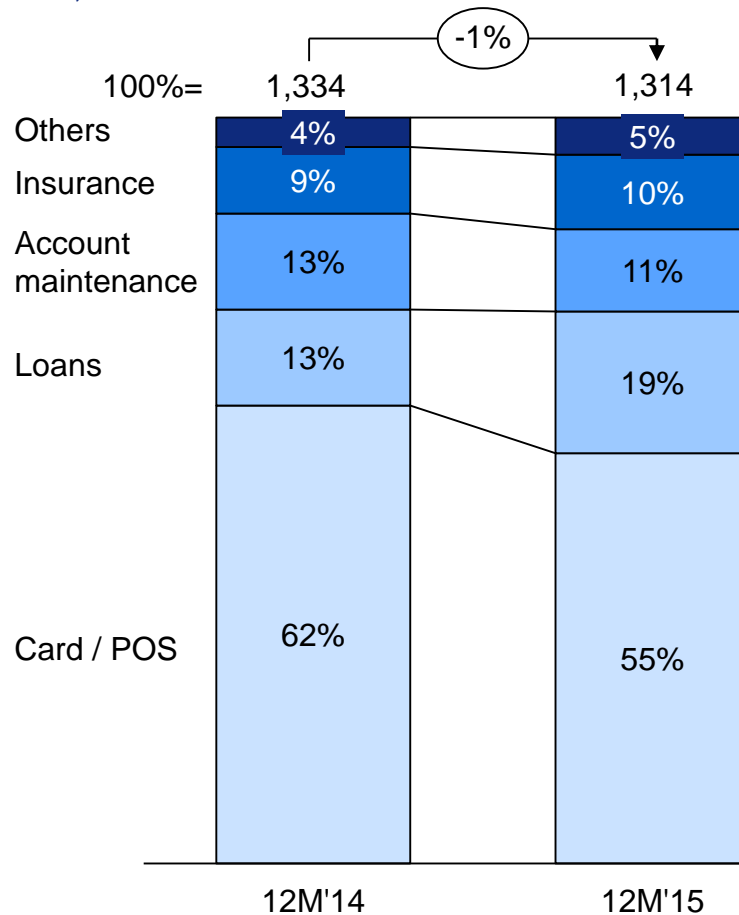
%



Almost flat fee generation on YoY basis despite pressure of regulations

Cumulative Net Fees and Commissions⁽¹⁾

TRY, mn



(1) Commission refunds are reported under fees income for 2014

Best in class cost management limits QoQ OpEx increase

QoQ improvement in efficiency metrics

Cost / Income⁽¹⁾
%



Q4'14 Q1'15 Q2'15 Q3'15 Q4'15

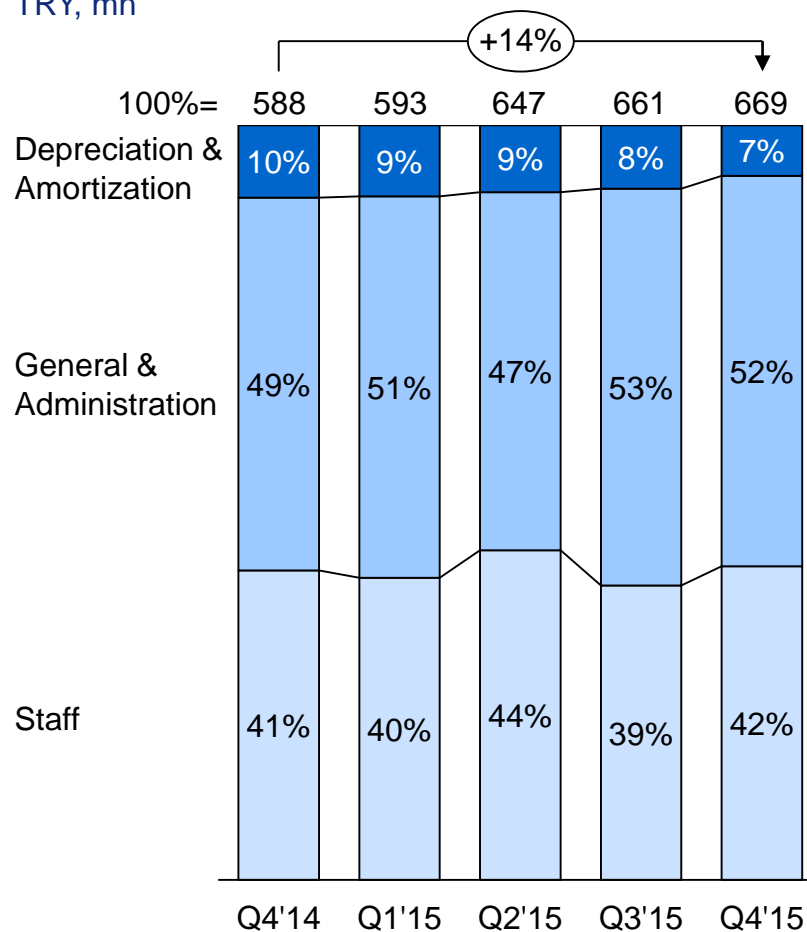
OpEx / Assets⁽¹⁾
%



Q4'14 Q1'15 Q2'15 Q3'15 Q4'15

OpEx is flat on QoQ basis including all one-offs and refunds

OpEx⁽¹⁾
TRY, mn



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

Quarterly net income decline attributable to free provisions

TRY, mn	Q4'14	Q3'15	Q4'15	ΔQoQ	ΔYoY
Net Interest Income after Derivatives Expenses	793	784	867	11%	9%
Net Interest Income	885	1,023	1,110	9%	25%
Derivatives expenses	-92	-239	-243	2%	164%
Net Fees & Commissions	291	345	310	-10%	7%
Trading & Other Income ⁽¹⁾	124	22	20	-8%	-84%
Total Operating Income	1,208	1,151	1,197	4%	-1%
Provisions	-254	-240	-401	67%	58%
OpEx	-588	-708	-706	0%	20%
Net Operating Income	366	204	91	-55%	-75%
Taxation	-77	-35	-59	68%	-24%
Net Income	289	169	32	-81%	-89%

- **4% QoQ increase in total operating income** despite the pressure on fees & commission
- **67% QoQ increase in provisions** due to one-off free provision and regulatory GLLP as per 2013 regulation
- **Flat OpEX in QoQ** basis
- Almost flat net operating income excluding free provisioning

(1) Including dividend income from subsidiaries

Appendix

Pg. 17 Key financial ratios

Pg. 18 Balance sheet summary

Key financial ratios

	All figures quarterly	Q4'14	Q1'15	Q2'15	Q3'15	Q4'15	ΔQoQ	ΔYoY
Profitability	RoAE	13.7%	13.1%	10.0%	7.6%	1.4%	-6.1%	-12.3%
	RoAA	1.5%	1.5%	1.1%	0.8%	0.1%	-0.6%	-1.4%
	Cost / Income	48.7%	50.9%	56.8%	61.5%	58.9%	-2.5%	10.2%
	NIM ⁽¹⁾	5.9%	5.6%	5.9%	6.1%	6.5%	0.4%	0.6%
Liquidity	Loans / Deposits	123.8%	124.8%	127.7%	120.9%	121.8%	0.9%	-2.0%
	Loans / (Dep. + TRY Bonds)	117.4%	119.2%	123.4%	118.3%	120.5%	2.2%	3.0%
Asset Quality	NPL Ratio	5.2%	5.5%	5.7%	5.9%	6.3%	0.4%	1.1%
	Coverage	79.2%	76.9%	78.1%	79.9%	80.4%	0.5%	1.2%
	Cost of Risk	2.0%	2.1%	1.9%	1.7%	2.8%	1.1%	0.8%
Solvency	CAR	17.0%	16.0%	15.8%	15.0%	15.4%	0.4%	-1.6%
	Tier I Ratio	13.0%	12.5%	12.3%	11.6%	12.0%	0.4%	-1.0%
	Leverage	8.8	9.2	9.2	10.1	9.5	-0.6	0.7

(1) After derivatives expenses

Balance sheet summary

	TRY, mn	Q4'14	Q1'15	Q2'15	Q3'15	Q4'15	ΔQoQ	ΔYoY
Assets	Cash & Banks ⁽¹⁾	9,108	9,668	9,720	12,209	10,313	-16%	13%
	Securities	9,165	9,759	9,199	9,356	9,197	-2%	0%
	Net Loans	50,344	52,412	54,603	57,194	57,273	0%	14%
	Fixed Assets & Subsidiaries	2,431	2,243	2,259	2,244	2,283	2%	-6%
	Other	4,158	6,412	6,673	9,406	6,661	-29%	60%
	Total Assets	75,206	80,494	82,454	90,410	85,727	-5%	14%
Liabilities & Equity	Customer Deposits	40,652	42,009	42,743	47,306	47,009	-1%	16%
	Borrowings	17,964	19,581	19,358	20,296	18,835	-7%	5%
	Bonds Issued	5,373	5,583	5,134	5,004	4,336	-13%	-19%
	Funds Borrowed	4,898	5,519	5,854	6,962	5,640	-19%	15%
	Sub-debt	2,122	2,417	2,459	2,820	2,662	-6%	25%
	Bank Deposit	1,423	1,561	1,450	1,466	1,557	6%	9%
	Repo	4,147	4,501	4,461	4,044	4,639	15%	12%
	Other	8,017	10,190	11,391	13,870	10,860	-22%	35%
	Equity	8,574	8,714	8,961	8,937	9,024	1%	5%
Total Liabilities & Equity	75,206	80,494	82,454	90,410	85,727	-5%	14%	

(1) Includes banks, interbank, other financial institutions

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