

# Finansbank Q1'16 Corporate Presentation

# Agenda

## Turkish Banking Landscape & Finansbank

Loan-based Balance Sheet Delivering High Quality Earnings

Solid Financial Performance

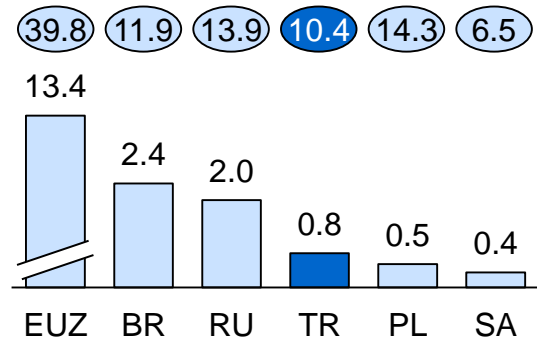
Appendix

# Structurally attractive Turkish economy underpinning a dynamic banking sector<sup>(1)</sup>

## Large economy with low GDP / capita...

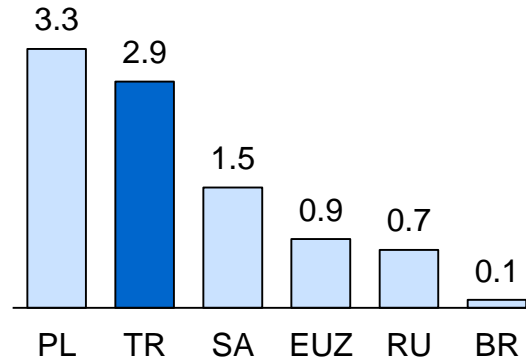
**GDP**  
2014, USD, tn

**GDP per capita** (USD, k)



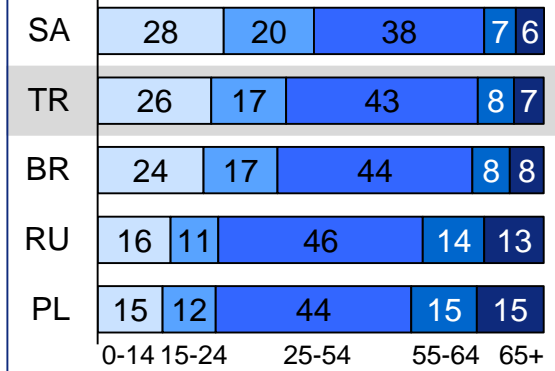
## ...high real GDP growth...

**GDP Growth, Constant Prices**  
2014, %



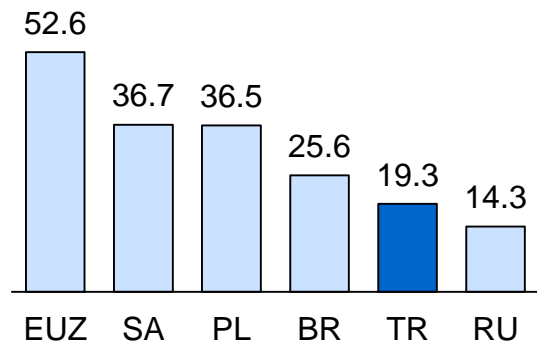
## ...and highly attractive demographic profile

**Population by Age Groups**  
%



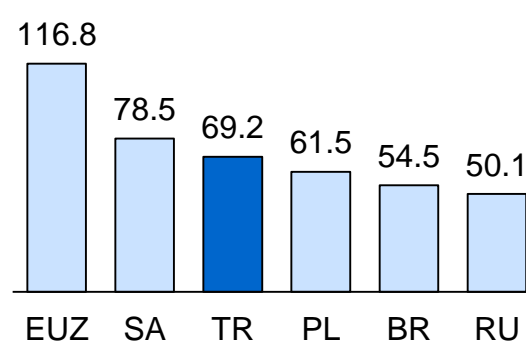
## Underlevered population...

**Household debt / GDP**  
Q4'15, %



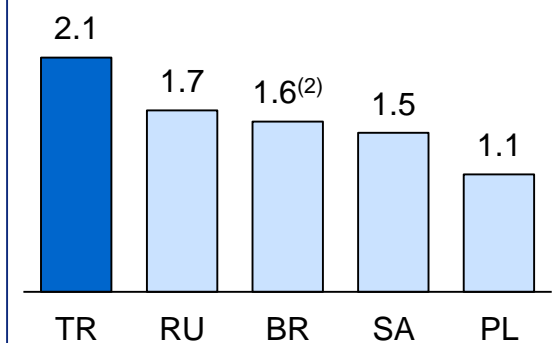
## ...with further penetration potential...

**Loans / GDP**  
Q4'15, %



## ...and a high return on assets

**Banking Sector Pre-tax RoA**  
2010–2015 average, %




Source: IMF WEO – Apr'16; ECB; CIA World Fact Book; Central Banks; BRSA; Turkstat; IMF FSI

(1) EUZ: Eurozone, BR: Brazil, RU: Russia, PL: Poland, SA: South Africa, TR: Turkey

(2) 2010-2014 average

# Finansbank – 5<sup>th</sup> largest privately owned universal bank

3M'16

Financial Highlights – Bank Only		Distribution Highlights		Market Positioning <sup>(1)</sup>	
<b>Total Assets</b> TRY, bn	87.4	<b>Active Customers</b> mn	5.3	<b>Total Assets</b>	5 <sup>th</sup>
<b>Net Loans</b> TRY, bn	58.4	<b>Credit Cards</b> mn	4.9	<b>Net Loans</b>	5 <sup>th</sup>
<b>Customer Deposits</b> TRY, bn	48.9	<b>Debit Cards</b> mn	5.1	<b>General Purpose Loans<sup>(2)</sup></b>	5 <sup>th</sup>
 <b>Deposits</b> TRY, bn	5.3	<b>Branches</b> #	642	<b>Mortgages</b>	7 <sup>th</sup>
<b>Shareholder's Equity</b> TRY, bn	9.2	<b>Employees</b> #	12,903	<b>Credit Cards</b>	5 <sup>th</sup>
<b>Net Income</b> TRY, mn	162	<b>ATMs</b> #	2,944	<b>Commercial Installment Loans</b>	4 <sup>th</sup>
<b>RoAA</b> %	0.7	<b>POS</b> k	264	<b>Total Deposits</b>	5 <sup>th</sup>
<b>RoAE</b> %	7.1			<b>Branches</b>	6 <sup>th</sup>
<b>CAR</b> %	14.7				

Source: The Banks Association of Turkey

(1) As of 2015, excludes state banks. Including Garanti, Akbank, Yapı Kredi, İşbank, Denizbank, ING, HSBC and TEB

(2) Includes overdrafts

# Shareholder structure and ratings

	Finansbank			NBG Group																									
Shareholder Structure																													
	<table border="1"> <thead> <tr> <th></th> <th>Moody's</th> <th>Fitch</th> <th>CI</th> </tr> </thead> <tbody> <tr> <td>Foreign Currency Long-term</td> <td>Ba2</td> <td>BBB-</td> <td>BB+</td> </tr> <tr> <td>Foreign Currency Short-term</td> <td>NP</td> <td>F3</td> <td>B</td> </tr> </tbody> </table> <p style="text-align: center;">Positive watch due to upcoming change of main shareholder, NBG</p>				Moody's	Fitch	CI	Foreign Currency Long-term	Ba2	BBB-	BB+	Foreign Currency Short-term	NP	F3	B	<table border="1"> <thead> <tr> <th></th> <th>Moody's</th> <th>Fitch</th> <th>S&amp;P</th> </tr> </thead> <tbody> <tr> <td>Foreign Currency Long-term</td> <td>Caa3</td> <td>RD</td> <td>SD</td> </tr> <tr> <td>Foreign Currency Short-term</td> <td>NP</td> <td>RD</td> <td>SD</td> </tr> </tbody> </table>				Moody's	Fitch	S&P	Foreign Currency Long-term	Caa3	RD	SD	Foreign Currency Short-term	NP	RD
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Corporate Information	<ul style="list-style-type: none"> <li>• Focused on traditional banking activities, complemented by ancillary services (investment banking, brokerage, leasing, factoring, asset management)</li> <li>• Important partnerships in insurance with leading international institutions (Sompo Japan in basic insurance and Cigna in life insurance and private pensions)</li> </ul>			<ul style="list-style-type: none"> <li>• The National Bank, with dominant presence in the Greek banking market and strong profile in SE Europe and Eastern Mediterranean, leads the largest and strongest financial group in Greece</li> <li>• The Group operates in 12 countries and controls, apart from NBG, 9 banks and 61 companies providing financial and other services, with workforce of 34 thousand employees</li> </ul>																									

# Agenda

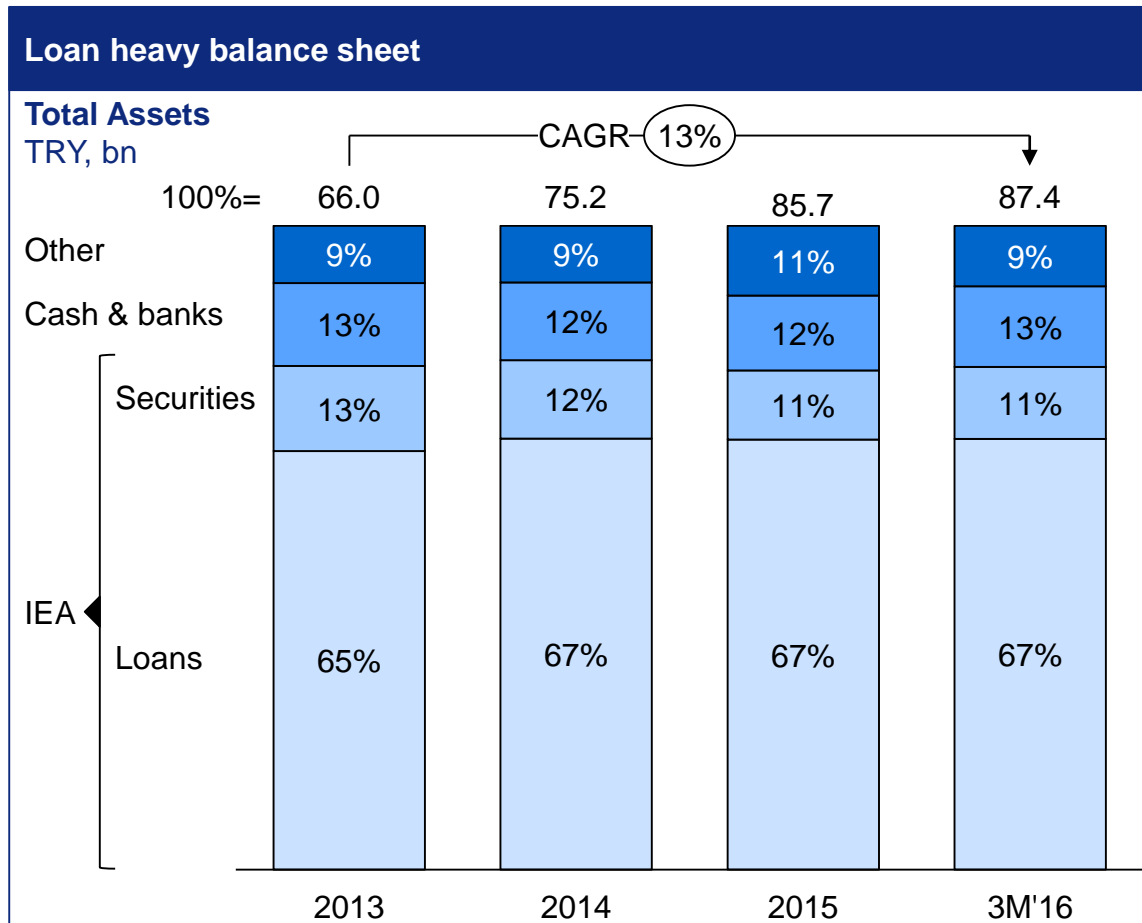
Turkish Banking Landscape & Finansbank

**Loan-based Balance Sheet Delivering High Quality Earnings**

Solid Financial Performance

Appendix

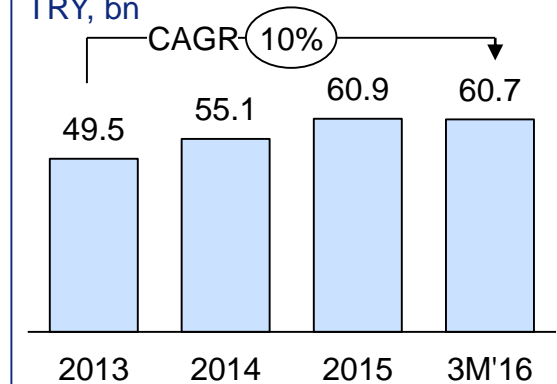
# Loan heavy balance sheet



## TRY assets grew 10%

### TRY Assets

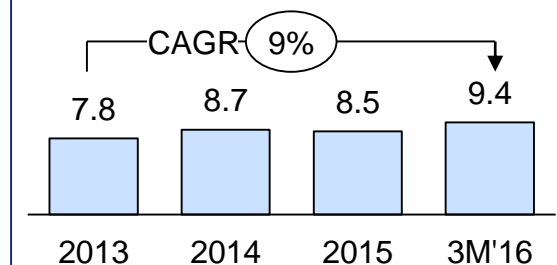
TRY, bn



## FX assets on USD terms grew 9% annually on average

### FX Assets<sup>(1)</sup>

USD, bn



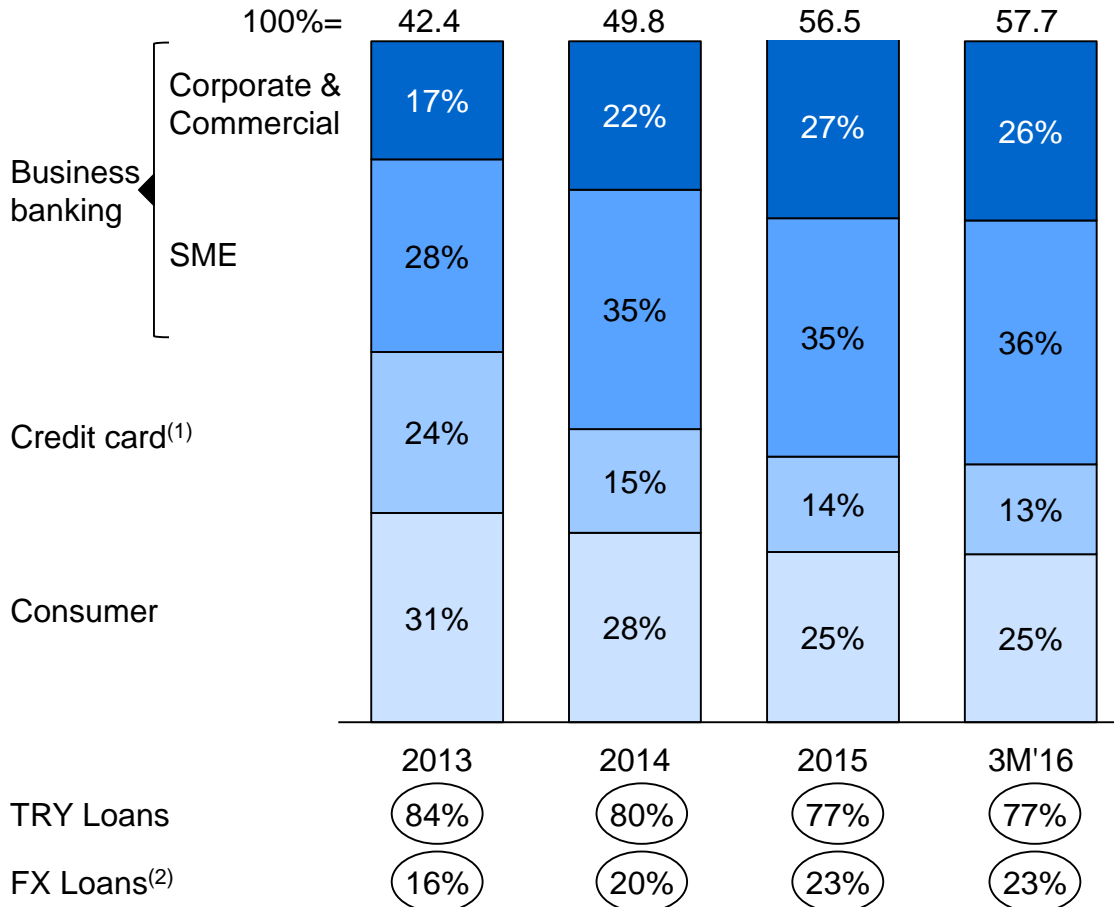
(1) FX-indexed TRY loans are shown in FX assets

# Sustainable and successful execution of loan strategy

## Loan book continued to shift towards business banking

### Performing Loans by Segment and Currency

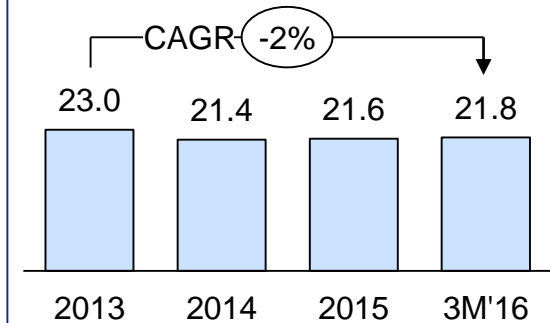
TRY, bn



## Retail loans are almost flat over the period

### Retail Loans

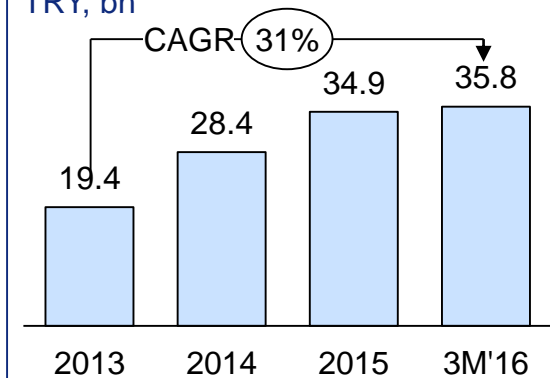
TRY, bn



## Significant growth in business loans

### Business Loans

TRY, bn



(1) Excluding commercial credit cards

(2) FX-indexed TRY loans are shown in FX loans

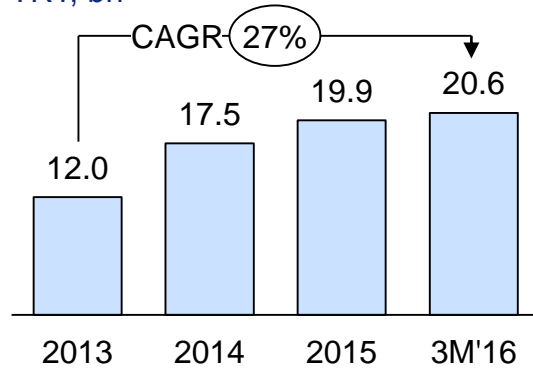


# ...focused on business banking loans and selective retail banking segments

■ Business banking  
■ Retail banking

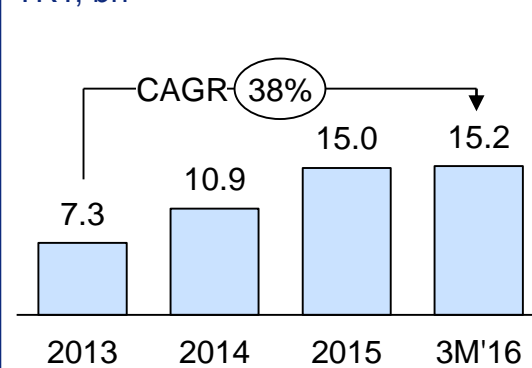
## Robust growth in SME loans continued...

**SME Loans<sup>(1)</sup>**  
TRY, bn



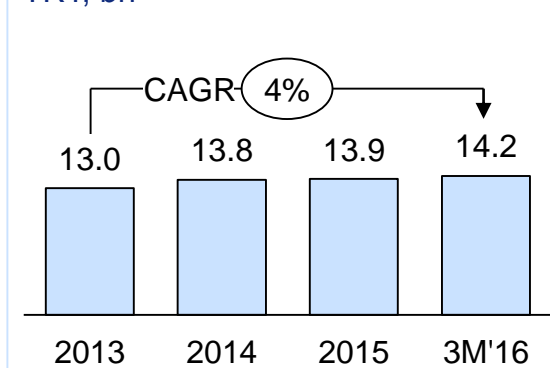
## ...as well as in corporate & commercial loans

**Corporate & Commercial Loans**  
TRY, bn



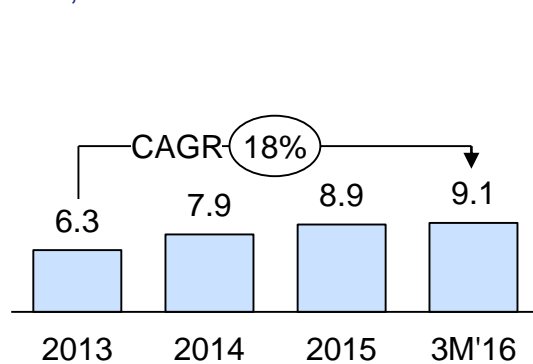
## Selective growth in consumer loans

**Consumer Loans<sup>(2)</sup>**  
TRY, bn



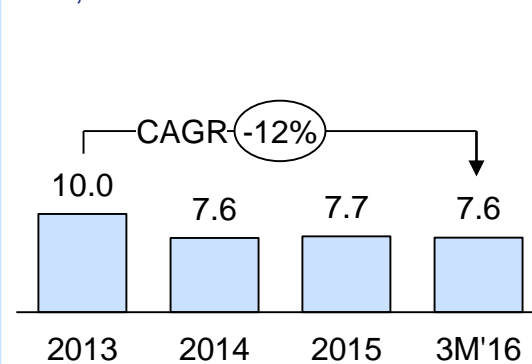
## Continued focus on GPL

**General Purpose Loans<sup>(3)</sup>**  
TRY, bn



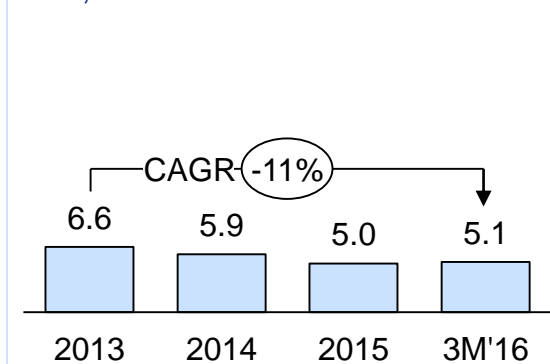
## Stabilized credit card receivables

**Credit Card Loans<sup>(4)</sup>**  
TRY, bn



## Downward trend stops in mortgages

**Mortgage Loans**  
TRY, bn



(1) Based on BRSA segment definition

(2) Including GPL, overdraft and mortgage loans

(3) Including overdraft

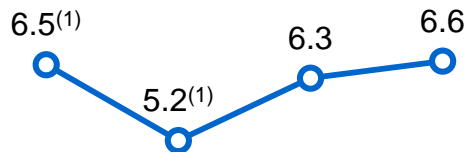
(4) Credit card outstandings from individual clients

# Controlled asset quality with high coverage ratios

## NPL ratio slightly deteriorated similar to the industry trend

### NPL Ratio

%



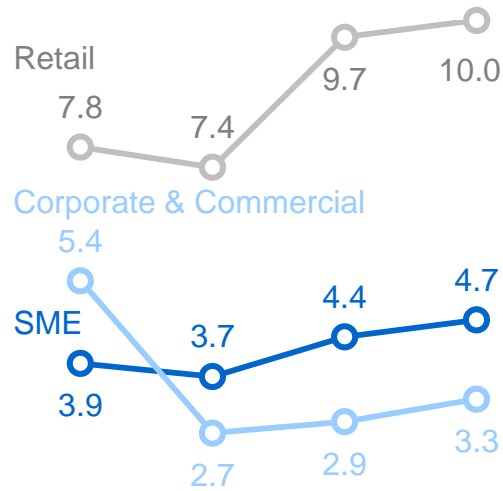
No write-off policy and no NPL sales in 2015 and 2016

2013 2014 2015 3M'16

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

### NPL Ratio by Segments

%



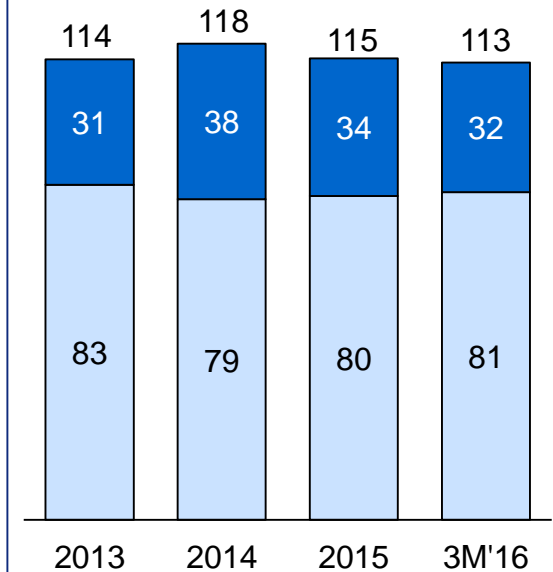
2013 2014 2015 3M'16

## NPLs are well covered through general and specific provisions

### NPL Coverage<sup>(2)</sup>

%

- General provisions / NPL
- Specific provisions / NPL



(1) After NPL sales of TRY 542 mn and TRY 1,153 mn during 2013 and 2014 respectively

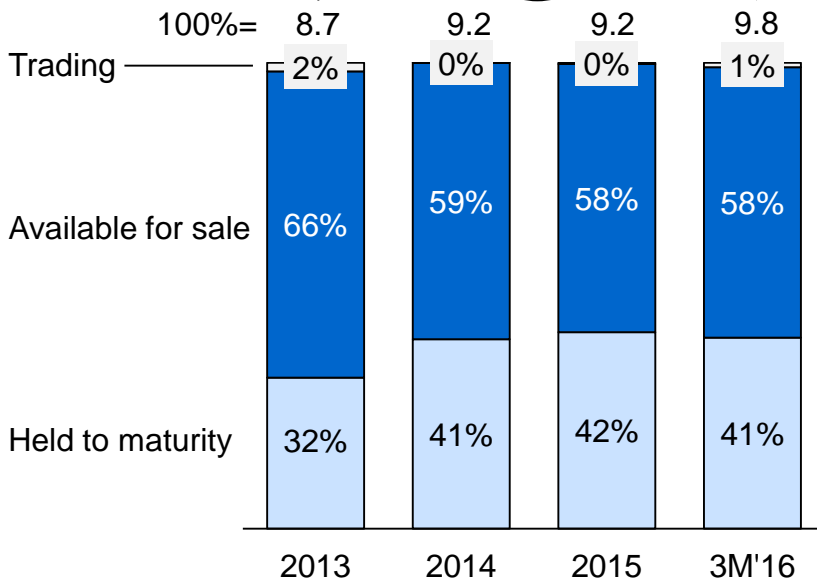
(2) General provisions include watch-list provisions

# Securities portfolio is at 11% of assets

## Controlled growth of securities portfolio over the period

### Total Securities

TRY, bn



TRY Securities

83% 76% 70% 70%

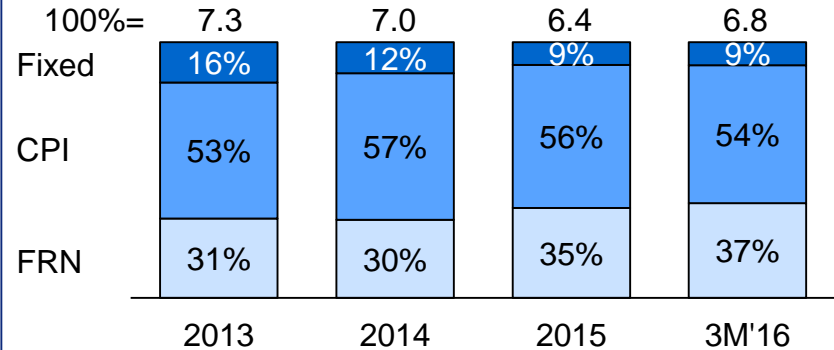
FX Securities

17% 24% 30% 30%

## 91% of TRY securities are indexed / variable rate

### TRY Securities

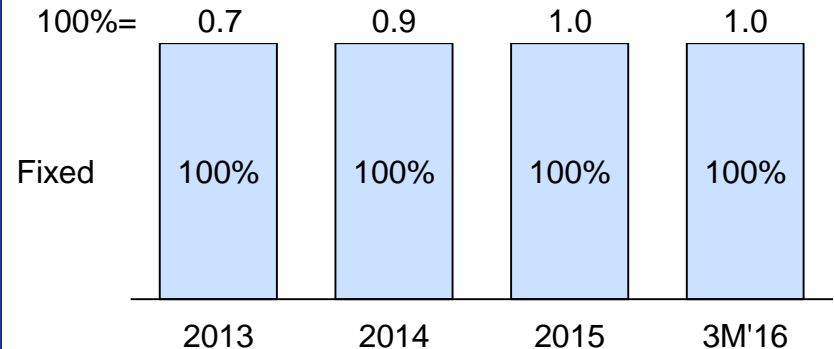
TRY, bn



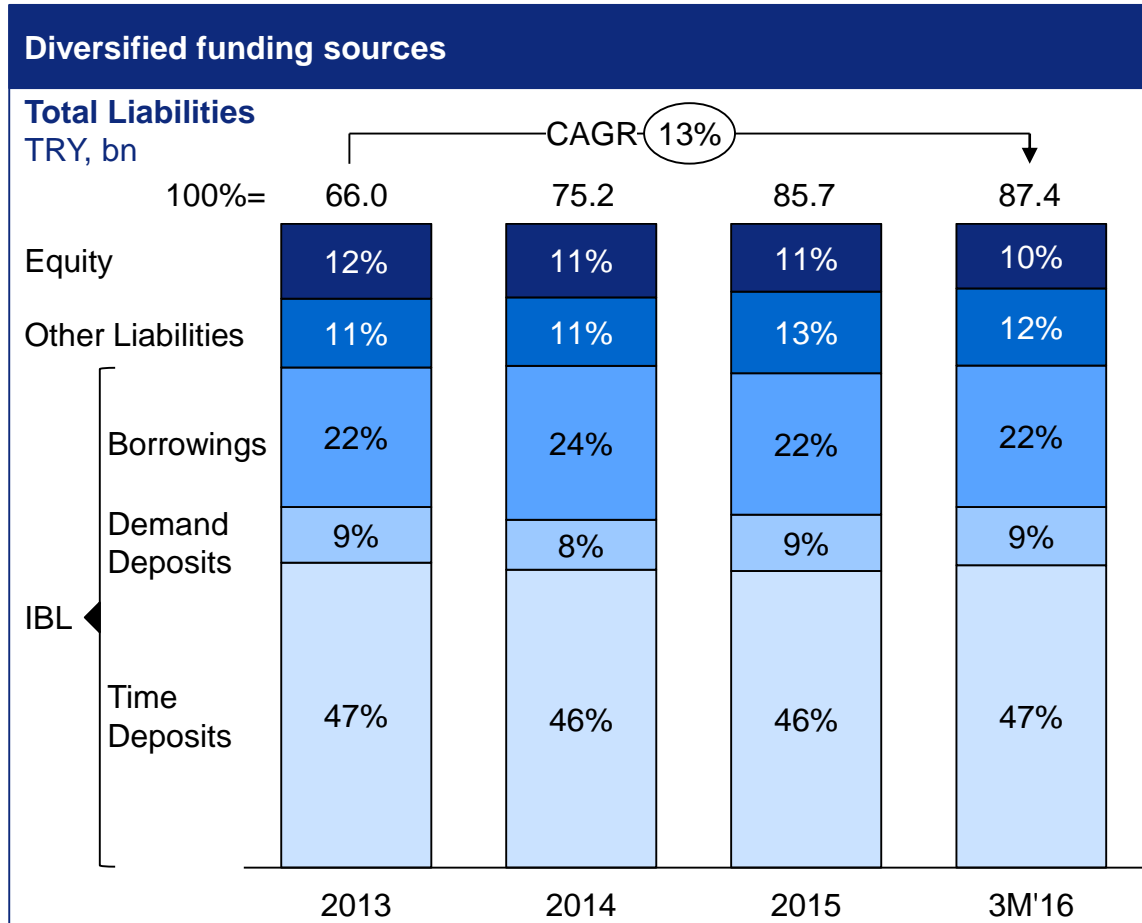
## Stable FX securities portfolio

### FX Securities

USD, bn



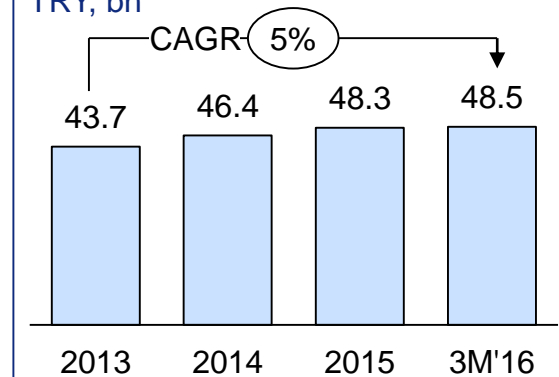
# Well-diversified funding structure underpinned by solid deposit base



### Modest growth in TRY liabilities

#### TRY Liabilities

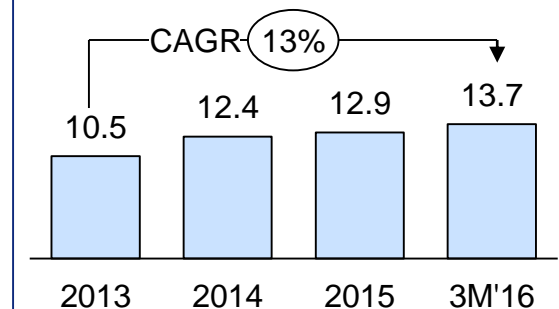
TRY, bn



### FX liabilities growth faster than that of TRY

#### FX Liabilities

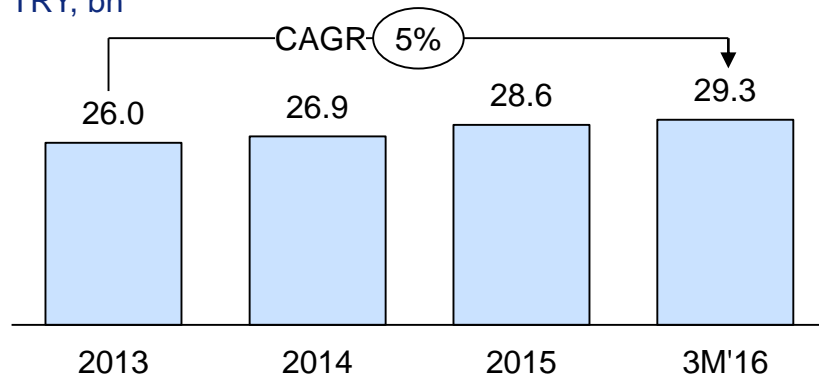
USD, bn



# Solid deposit base makes up 72% of IBL

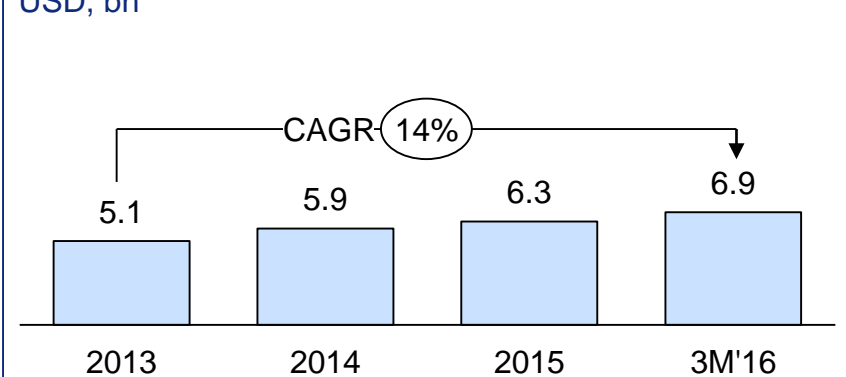
5% annual growth in TRY deposits over the period on average

**TRY Deposits**  
TRY, bn



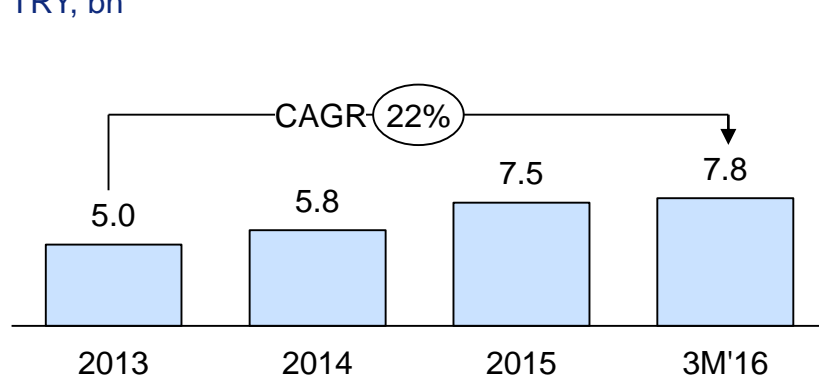
14% annual growth in FX deposits over the period on average

**FX Deposits**  
USD, bn



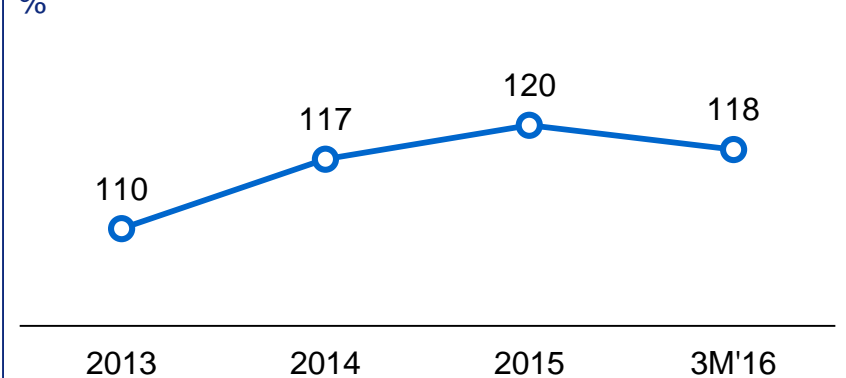
Impressive growth in demand deposits

**Demand Deposits**  
TRY, bn



Loan-to-deposit ratio in line with the sector

**Loan-to-deposit ratio<sup>(1)</sup>**  
%

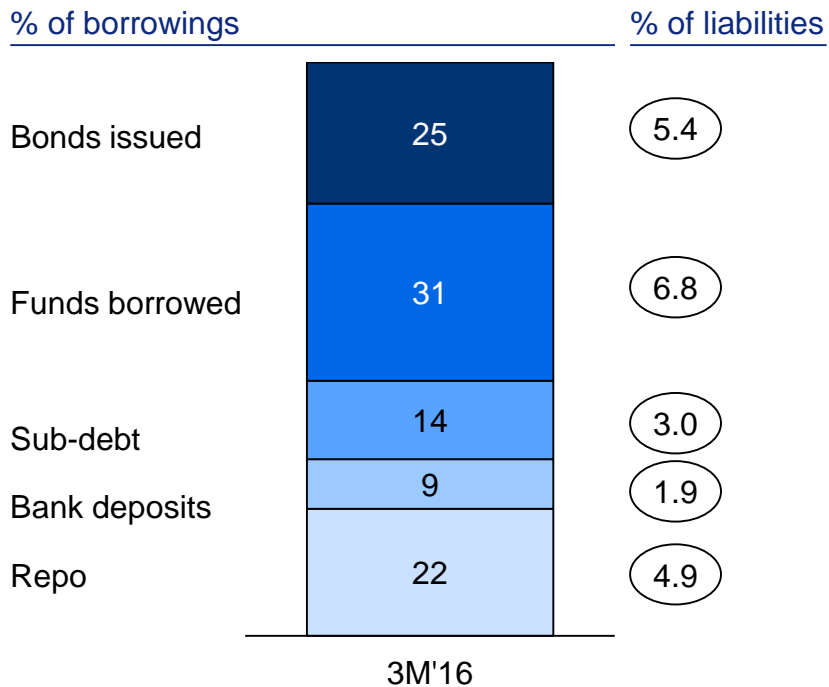


(1) Including TRY bonds

# Disciplined use of non-deposit funding and strong capital base

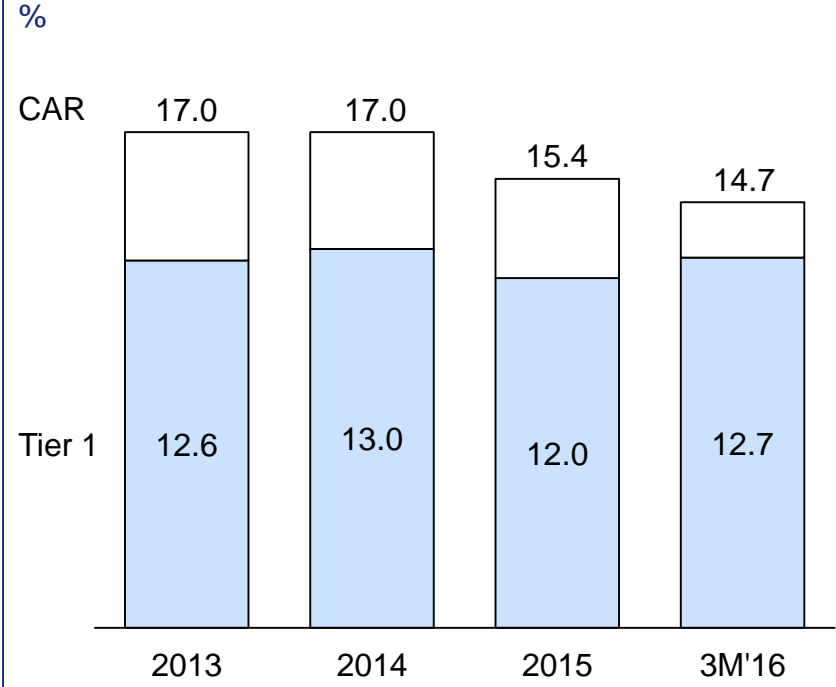
## Low reliance on institutional borrowings and repo funding

### Borrowings<sup>(1)</sup> by Type



## Capital adequacy at comfortable level despite slight decline in last quarter due to sub-loan amortization

### Capital Adequacy



(1) Non-deposit funding

# A structured approach to market and liquidity risk management

## Focused ALM leads to low interest rate sensitivity

- TRY **interest rate sensitivity** is actively managed in the international swap market
- Hedge **swap book** stands at TRY 12.0 bn as of Q1'16.
- TRY installment **loan book hedge ratio** is at 61.1% as of Q1'16 and net change in Economic Value / Equity is constantly monitored under several scenarios
- **Low sensitivity to interest rate increases** demonstrates that Finansbank is **one of the most conservative in the market** in managing interest rate risk (9.2% losses / equity as of 2015, which is well below the regulatory limit of 20%)

## Prudent management of liquidity risk

- Strong framework is in place to ensure **sufficient short-term and long-term liquidity**
- Internal metrics and early warning signals are determined besides regulatory limits
- Continuous monitoring and reporting are in place to support effective management in addition to contingency plans for extreme situations

## Low risk appetite for trading risks

- Low trading risk appetite is reflected by the limit structure both on portfolio and product level
- **Best-in-class measurement methodologies** are in place with daily monitoring of all market risk metrics (VaR, sensitivities, etc.) in addition to stress tests and what-if analysis

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Turkish Banking Landscape & Finansbank

Loan-based Balance Sheet Delivering High Quality Earnings

**Solid Financial Performance**

Appendix

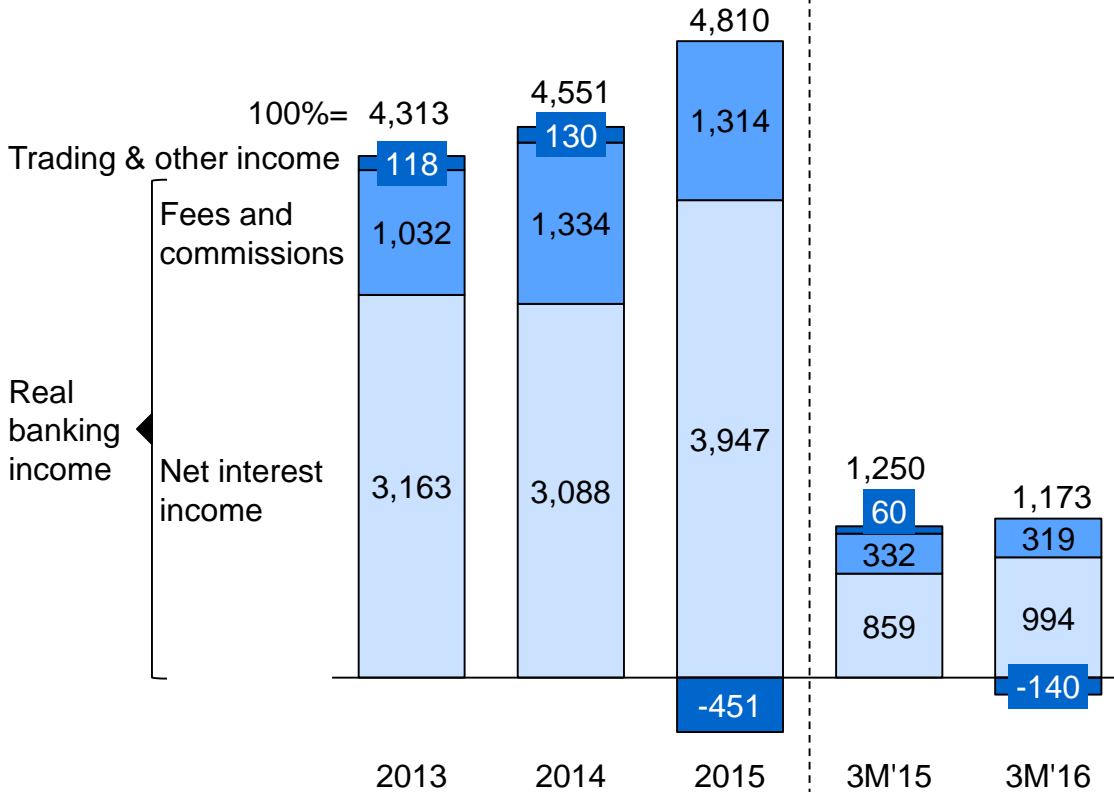


# Focus on real banking income generation

## Operating income driven from core banking activities

### Total Operating Income

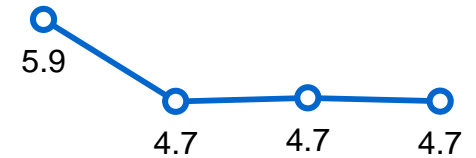
TRY, mn



## Flat NIM

### NIM after Swap

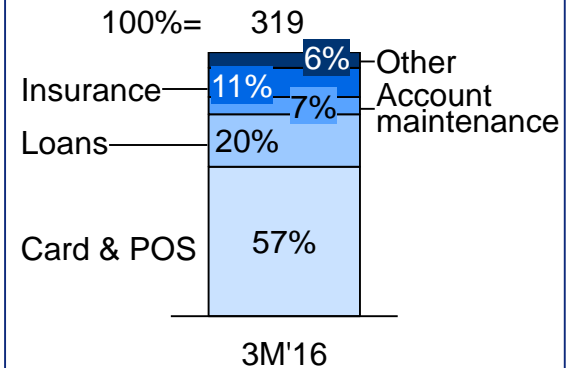
%



## Fees at 27% of operating income

### Fees & Commissions Breakdown

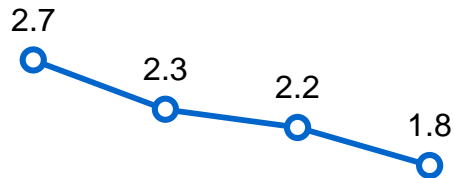
TRY, mn



# Cost of risk at comfortable level

## CoR on a declining trend

Cost of Risk  
%



2013 2014 2015 3M'16

## Shift towards business banking helps improve cost of risk

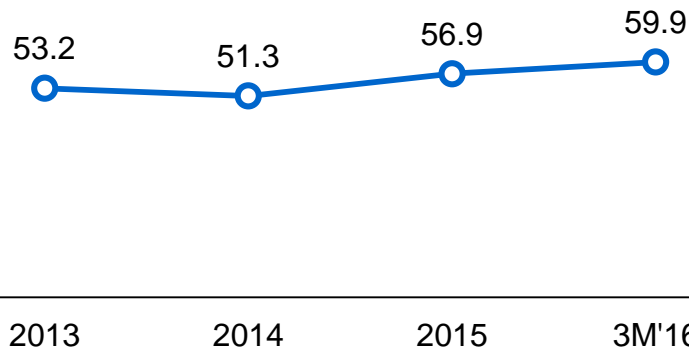
	Loan Composition				SCoR	General
	% of total loans				3M'16, %	Prov. Rates %
Credit cards <sup>(1)</sup>	24	15	14	13	3.7	4.0
	15	16	16	16	3.3	4.0
General purpose loans	16	12	9	9	0.2	1.0
	28	35	35	36	1.8	0.5
SME <sup>(2)</sup>	17	22	27	26	0.8	1.0
Corporate & Commercial						
	2013	2014	2015	3M'16		

(1) Excluding commercial credit cards  
(2) Based on BRSA segment definition

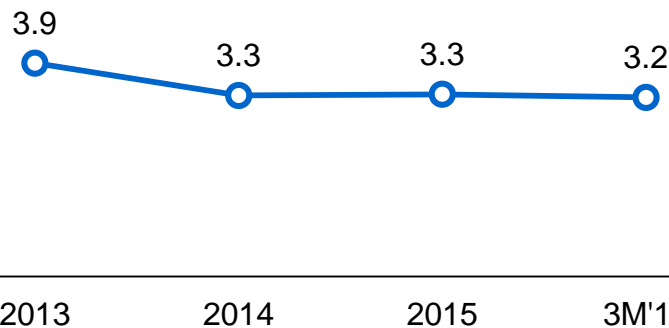
# Controlled expenditures growth

## Increase in cost / income ratio due to commission refunds

Cost <sup>(1)</sup> / Income  
%

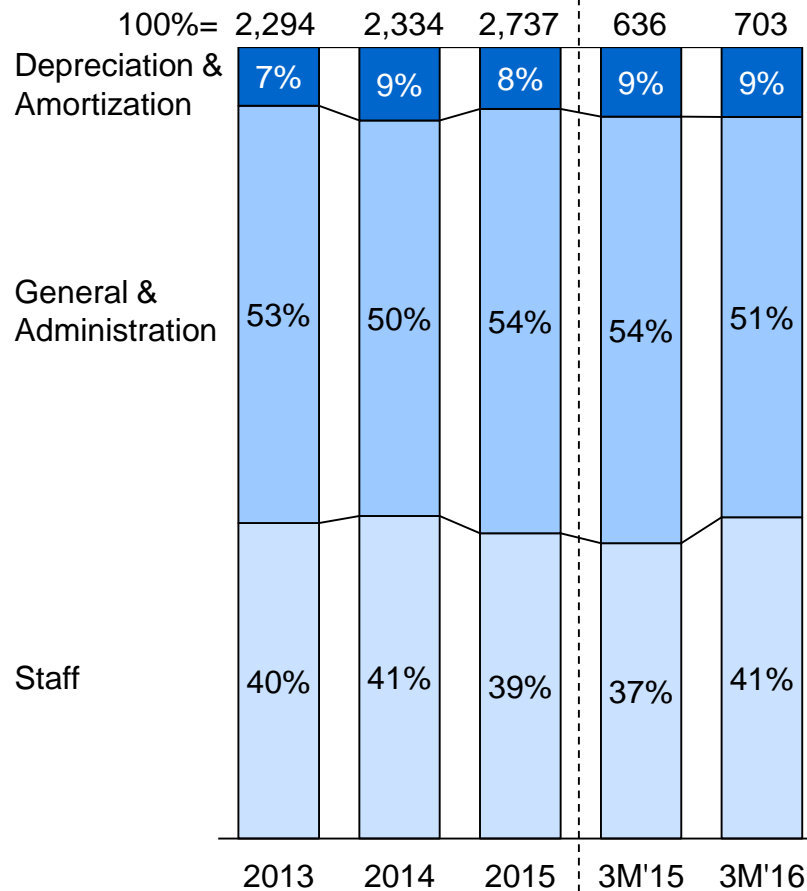


OpEx <sup>(1)</sup> / Assets  
%



## Controlled OpEx growth

OpEx<sup>(1)</sup>  
TRY, mn



(1) including one-off fine of TRY 32.7 million from Ministry of Customs and Trade in 2015

## Key financial ratios

	All figures quarterly	2013	2014	2015	3M'15	3M'16	YoY
<b>Profitability</b>	RoAE	9.8%	10.9%	8.0%	13.1%	7.1%	-6.0 pps
	RoAA	1.2%	1.2%	0.9%	1.5%	0.7%	-0.7 pps
	Cost / Income	53%	51%	57%	50.9%	59.9%	+9.0 pps
	NIM after swap expenses	5.9%	4.7%	4.7%	4.7%	4.7%	flat
<b>Liquidity</b>	Loans / Deposits	116%	124%	122%	124.8%	119.5%	-5.3 pps
	Loans / (Dep. + TRY Bonds)	110%	117%	120%	119.2%	117.6%	-1.6 pps
<b>Asset Quality</b>	NPL Ratio	6.5%	5.2%	6.3%	5.5%	6.6%	1.1 pps
	Coverage	83%	79%	80%	76.9%	81.2%	4.3 pps
	Cost of Risk	2.7%	2.3%	2.2%	2.1%	1.8%	-0.3 pps
<b>Solvency</b>	CAR	17.0%	17.0%	15.4%	16.0%	14.7%	-1.3 pps
	Tier I Ratio	12.6%	13.0%	12.0%	12.5%	12.7%	+0.2 pps
	Leverage	8.6	8.8	9.5	9.2	9.5	+0.3

# Key strategies in 2016 and going forward

## Long Term Sustainable Strategy

- **Real banking**, i.e., minimum market risk
- **Prudent credit risk management**
- **High CAR, high liquidity** at all times

## Mid Term Strategic Actions

- Maintain **solid growth in SME** and **Corporate & Commercial** segments above the market
- **Measured growth in consumer** lending with general purpose loans and renewed emphasis on credit cards with “high card spend” – a driver of acquiring volume (an SME business)
- Profitability and **downstream business focus** in Corporate & Commercial segments
- Continued emphasis on building a **stable deposit base** through new channels, offerings to untapped segments and customer groups (enpara.com)
- Focus on **fee generation** and **operating expenses control** as well as continuing **improvement on cost of risk** front thanks to the shift in loan book mix towards less risky segments

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Loan-based Balance Sheet Delivering High Quality Earnings

Solid Financial Performance

**Appendix**

# Enpara.com, the first fully digital bank in Turkey provides competitive advantage to Finansbank



## Enpara.com – the first fully digital bank in Turkey

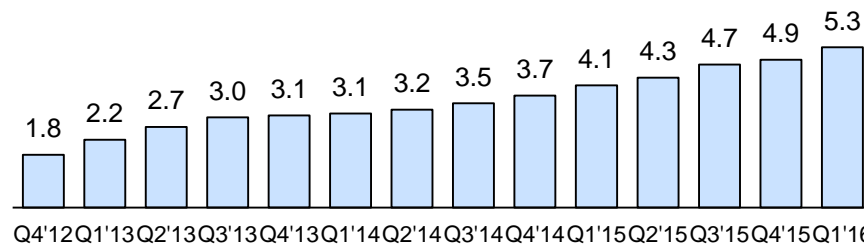
- Founded in Oct'12 as a stand-alone brand
- Based on philosophy of simple, transparent and low-cost, fully digital banking service, available at any time and location
- Offers current accounts (TRY / EUR / USD), debit cards and deposits, transfers, payments, overdraft and consumer loans with an offer of “best price” and “no fees” and relentless focus on customer satisfaction
- Positioning and choice of target cohort minimized cannibalization: ~80% of deposits gathered from outside Finansbank, ~70% of customers are new to Finansbank’s group

## Competitive advantage for Finansbank

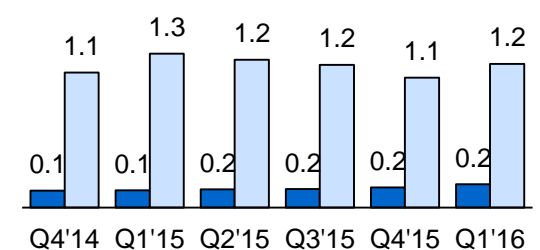
- Structural and unique advantage for Finansbank, which allows to capture previously untapped low-ticket size deposits with low cost base:
- Provides the flexibility to selectively price the more expensive big-ticket deposits, therefore creating a downward impact on blended cost of deposits

## Deposit volume and new consumer loan production as of Q1'16 equal to those of 78<sup>(1)</sup> and 105<sup>(2)</sup> physical branches respectively

**Deposits**  
TRY, bn



**GPL Production**  
TRY, bn



(1) Based on average deposits per branch, excluding Enpara.com

(2) Based on average loans per branch, excluding Enpara.com

# Finansbank BRSA Bank-Only Summary Financials

Income Statement					
TRY, mn	2013	2014	2015	3M'15	9M'16
Net interest income	3,163	3,088	3,947	859	994
Net fees and commissions income	1,032	1,334	1,314	332	319
Other income <sup>(1)</sup>	118	130	(451)	60	(140)
<b>Total income</b>	<b>4,313</b>	<b>4,551</b>	<b>4,810</b>	<b>1,250</b>	<b>1,173</b>
Provisions	(1,081)	(1,076)	(1,170)	(272)	(266)
Operating expenses	(2,294)	(2,334)	(2,737)	(636)	(703)
<b>Total expenses</b>	<b>(3,375)</b>	<b>(3,409)</b>	<b>(3,907)</b>	<b>(908)</b>	<b>(969)</b>
<b>Profit before tax</b>	<b>938</b>	<b>1,142</b>	<b>903</b>	<b>342</b>	<b>204</b>
Tax	(203)	(265)	(197)	(59)	(42)
<b>Net income</b>	<b>734</b>	<b>877</b>	<b>706</b>	<b>283</b>	<b>162</b>

Balance Sheet					
TRY, mn	2013	2014	2015	3M'15	3M'16
Cash & Banks <sup>(2)</sup>	8,515	9,108	10,313	9,668	10,941
Securities	8,731	9,165	9,197	9,759	9,765
Net Loans	42,910	50,344	57,273	52,412	58,447
Fixed Assets	1,344	2,380	2,283	2,232	2,398
Other Assets	4,510	4,209	6,661	6,423	5,802
<b>Total Assets</b>	<b>66,010</b>	<b>75,206</b>	<b>85,727</b>	<b>80,494</b>	<b>87,354</b>
Customer Deposits	36,980	40,652	47,009	42,009	48,920
Borrowings	14,301	17,964	18,835	19,581	19,176
Bonds Issued	3,955	5,373	4,336	5,583	4,725
Funds Borrowed	3,351	4,898	5,640	5,519	5,922
Sub-debt	1,951	2,122	2,662	2,417	2,627
Bank Deposit	1,341	1,423	1,557	1,561	1,652
Repo	3,703	4,147	4,639	4,501	4,250
Other	7,080	8,017	10,860	10,190	10,090
Equity	7,648	8,574	9,024	8,714	9,166

(1) Includes dividends, trading profit / loss, other operating income, gain on equity method

(2) Includes banks, interbank, other financial institutions



# Finansbank BRSA Consolidated Summary Financials

Income Statement					
TRY, mn	2013	2014	2015	3M'15	3M'16
Net interest income	3,269	3,205	4,083	890	1,034
Net fees and commissions income	1,087	1,397	1,387	350	338
Other income <sup>(1)</sup>	105	134	(504)	37	(140)
<b>Total income</b>	<b>4,461</b>	<b>4,736</b>	<b>4,966</b>	<b>1,277</b>	<b>1,232</b>
Provisions	(1,103)	(1,100)	(1,207)	(281)	(284)
Operating expenses	(2,383)	(2,444)	(2,874)	(665)	(732)
<b>Total expenses</b>	<b>(3,486)</b>	<b>(3,544)</b>	<b>(4,082)</b>	<b>(946)</b>	<b>(1,016)</b>
<b>Profit before tax</b>	<b>974</b>	<b>1,191</b>	<b>884</b>	<b>331</b>	<b>216</b>
Tax	(216)	(276)	(204)	(62)	(45)
<b>Net income</b>	<b>758</b>	<b>916</b>	<b>680</b>	<b>269</b>	<b>171</b>

Balance Sheet					
TRY, mn	2013	2014	2015	3M'15	3M'16
Cash & Banks <sup>(2)</sup>	8,688	9,209	10,403	9,194	9,725
Securities	8,779	9,209	9,254	8,517	9,819
Net Loans	42,856	50,181	57,110	45,487	52,295
Fixed Assets	943	1,897	1,979	1,910	1,897
Other Assets	6,399	6,339	9,304	6,806	8,580
<b>Total Assets</b>	<b>67,666</b>	<b>76,835</b>	<b>88,049</b>	<b>71,914</b>	<b>82,317</b>
Customer Deposits	36,766	40,473	46,755	39,881	41,840
Borrowings	15,848	19,439	20,921	15,844	21,120
Bonds Issued	3,955	5,825	5,827	3,728	6,021
Funds Borrowed	4,821	5,853	6,066	5,251	6,558
Sub-debt	1,951	2,122	2,662	2,025	2,417
Bank Deposit	1,341	1,423	1,557	1,603	1,561
Repo	3,780	4,216	4,809	3,237	4,563
Other	7,189	8,126	10,968	8,138	10,327
Equity	7,863	8,798	9,405	8,050	9,031

(1) Includes dividends, trading profit / loss, other operating income, gain on equity method

(2) Includes banks, interbank, other financial institutions

## Borrowings and Issuances

Type of Borrowing	Maturity	Currency	Outstanding Principal (mn)	Tenor (Years)
TRY Bond	May-16	TRY	186.16	0.25
TRY Bond	Apr-16	TRY	52.30	0.25
TRY Bond	Apr-16	TRY	165.55	0.25
TRY Bond	May-16	TRY	45.71	0.25
TRY Bond	Aug-16	TRY	82.00	0.51
TRY Bond	Jun-16	TRY	65.03	0.24
TRY Bond	Jun-16	TRY	77.70	0.25
TRY Bond	Jun-16	TRY	75.00	0.25
TRY Bond	Sep-16	TRY	45.01	0.51
Eurobond	May-16	USD	500.00	5.01
Eurobond	Nov-17	USD	350.00	5.00
Eurobond	Apr-19	USD	500.00	5.00
Eurobond	Feb-17	USD	10.00	1.00
Eurobond	Jun-16	USD	15.00	0.35
Eurobond	Jun-16	USD	50.00	0.38
Eurobond	Mar-17	USD	10.00	1.01
EIB	May-16	EUR	29.96	7.00
EIB	Oct-17	EUR	28.63	7.01
Securitization	Nov-24	EUR	50.00	11.91
Securitization	Nov-17	EUR	10.00	4.91
EBRD	May-20	EUR	50.00	5.27
EFSE	Dec-19	EUR	25.00	5.01
PROPARCO	Jul-25	EUR	20.00	10.32
Subordinated Debt	Oct-20	USD	325.00	11.07
Subordinated Debt	Oct-21	USD	200.00	12.01
Subordinated Debt	Dec-21	USD	125.00	12.01
Subordinated Debt	Dec-21	USD	260.00	10.01
EIB	Nov-19	USD	12.97	7.00
EIB	Nov-20	USD	13.43	7.01
EIB	Mar-21	USD	48.75	7.01
EIB	Apr-21	USD	26.85	7.01
Securitization	Nov-17	USD	75.00	4.91
Securitization	Aug-20	USD	100.00	4.92
Securitization	Aug-20	USD	100.00	4.92
Securitization	Aug-20	USD	50.00	4.92
Securitization	Aug-20	USD	30.00	4.92
Syndication	Nov-16	EUR	365.00	1.01
Syndication	Nov-16	EUR	11.00	0.99
Syndication	Nov-16	USD	40.00	1.00
Syndication	Nov-16	USD	59.50	1.01
EIB	Dec-21	EUR	30.00	6.01
EFSE	Dec-22	EUR	15.00	6.97

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