

# Finansbank Q4'15 Corporate Presentation

# Agenda

## Turkish Banking Landscape & Finansbank

Loan-based Balance Sheet Delivering High Quality Earnings

Solid Financial Performance

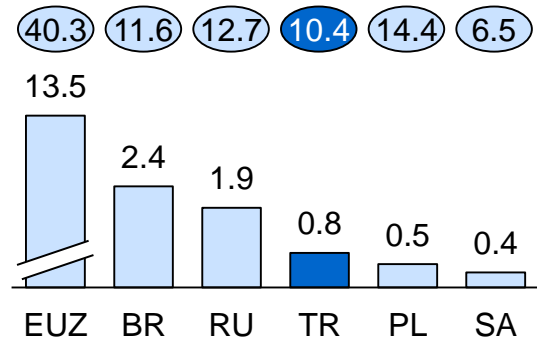
Appendix

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

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

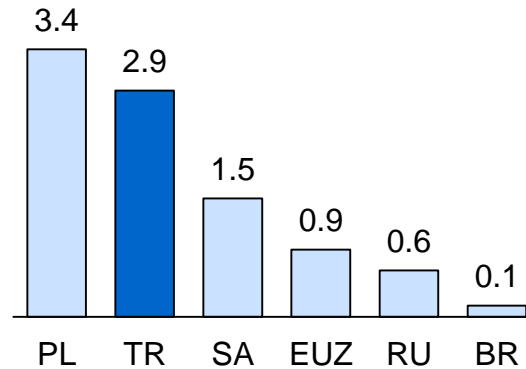
**GDP**  
2014, USD, tn

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



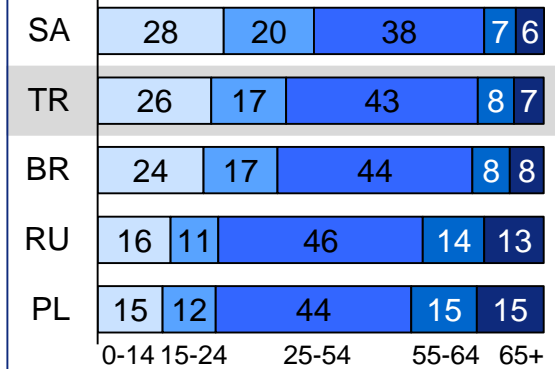
## ...high real GDP growth...

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



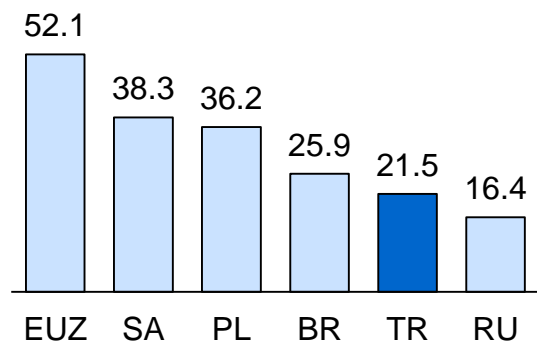
## ...and highly attractive demographic profile

**Population by Age Groups**  
%



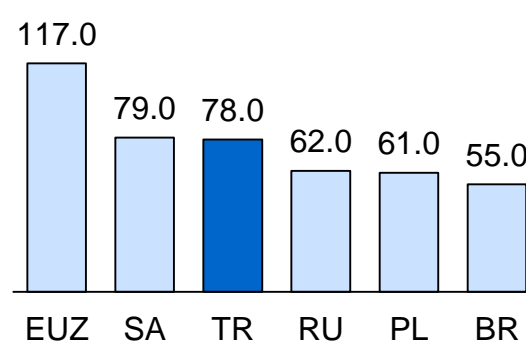
## Underlevered population...

**Household debt / GDP**  
Q3'15, %



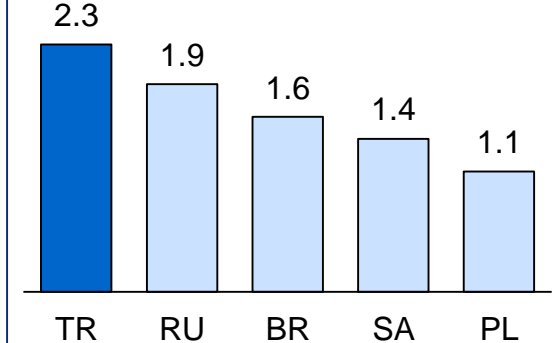
## ...with further penetration potential...

**Loans / GDP**  
Q3'15, %



## ...and a high return on assets

**Banking Sector Pre-tax RoA**  
2010–2014 average, %




Source: IMF WEO – Oct'15; 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

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

2015

Financial Highlights – Bank Only		Distribution Highlights		Market Positioning <sup>(1)</sup>	
<b>Total Assets</b> TRY, bn	85.7	<b>Active Customers</b> mn	5.3	<b>Total Assets</b>	5 <sup>th</sup>
<b>Net Loans</b> TRY, bn	57.3	<b>Credit Cards</b> mn	4.9	<b>Net Loans</b>	5 <sup>th</sup>
<b>Customer Deposits</b> TRY, bn	47.0	<b>Debit Cards</b> mn	5.0	<b>General Purpose Loans<sup>(2)</sup></b>	5 <sup>th</sup>
 <b>Deposits</b> TRY, bn	4.9	<b>Branches</b> #	642	<b>Mortgages</b>	6 <sup>th</sup>
<b>Shareholder's Equity</b> TRY, bn	9.0	<b>Employees</b> #	12,950	<b>Credit Cards</b>	5 <sup>th</sup>
<b>Net Income</b> TRY, mn	706	<b>ATMs</b> #	2,956	<b>Commercial Installment Loans</b>	4 <sup>th</sup>
<b>RoAA</b> %	0.9	<b>POS</b> k	248	<b>Total Deposits</b>	5 <sup>th</sup>
<b>RoAE</b> %	8.0			<b>Branches</b>	6 <sup>th</sup>
<b>CAR</b> %	15.4				

Source: The Banks Association of Turkey

(1) As of Q3'15, 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								
	<p>%</p> <p>National Bank of Greece S.A. 82.23</p> <p>NBG Finance Dollar PLC 9.68</p> <p>NBG International Holdings B.V. 7.90</p> <p>Other 0.19</p>			<p>%</p> <p>HFSF 57.2</p> <p>International Investors 35.3</p> <p>Domestic Investors 4.9</p> <p>Other 2.5</p>				
Ratings		Moody's	Fitch	CI		Moody's	Fitch	S&P
	Foreign Currency Long-term	Ba2	BBB-	BB+	Foreign Currency Long-term	Caa3	RD	SD
	Foreign Currency Short-term	NP	F3	B	Foreign Currency Short-term	NP	RD	SD
	<p>Positive watch due to upcoming change of main shareholder, NBG</p>							
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

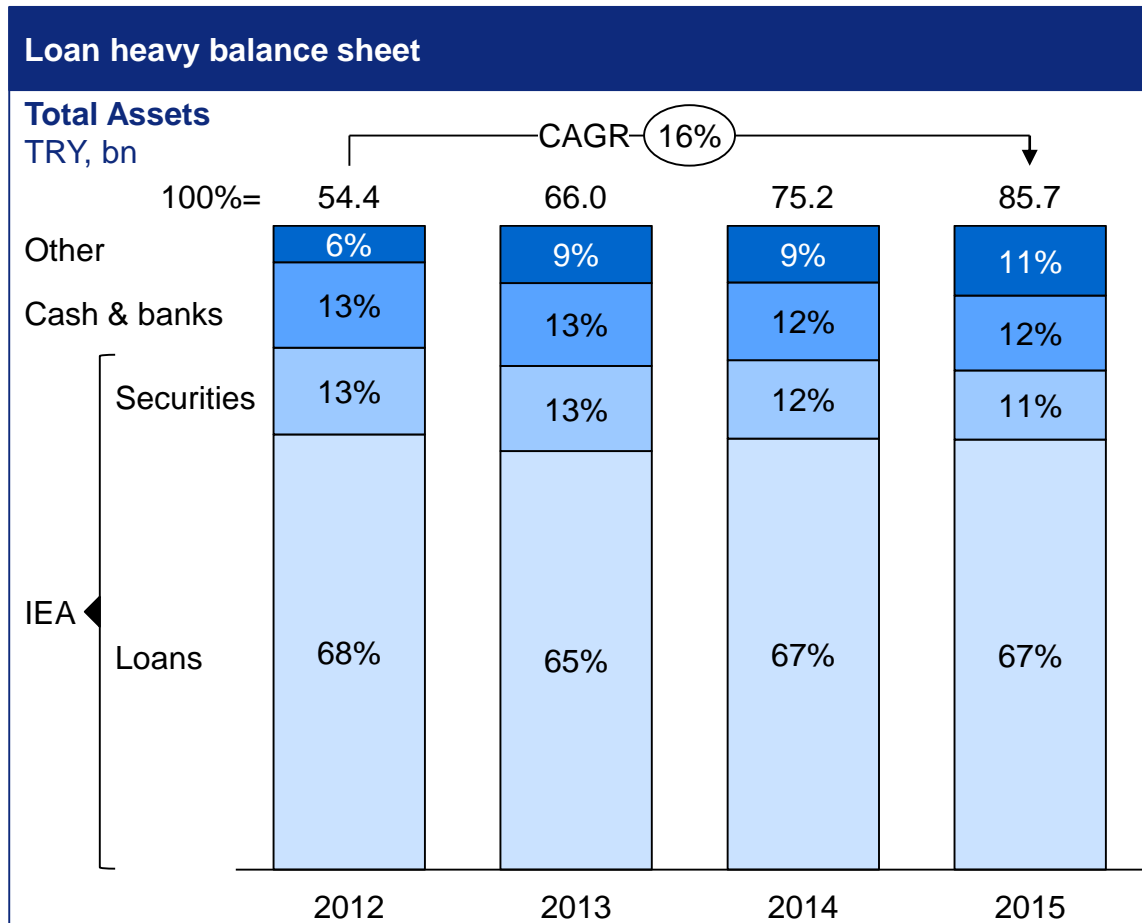
Turkish Banking Landscape & Finansbank

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

Solid Financial Performance

Appendix

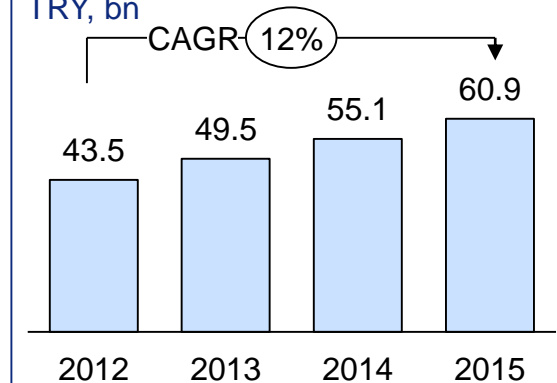
# Loan heavy balance sheet



## TRY assets exceeded 60 billion

### TRY Assets

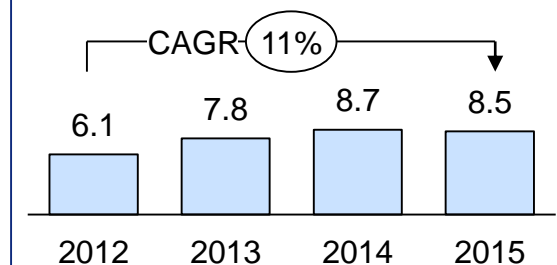
TRY, bn



## FX assets on USD terms grew 11% annually on average

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

USD, bn



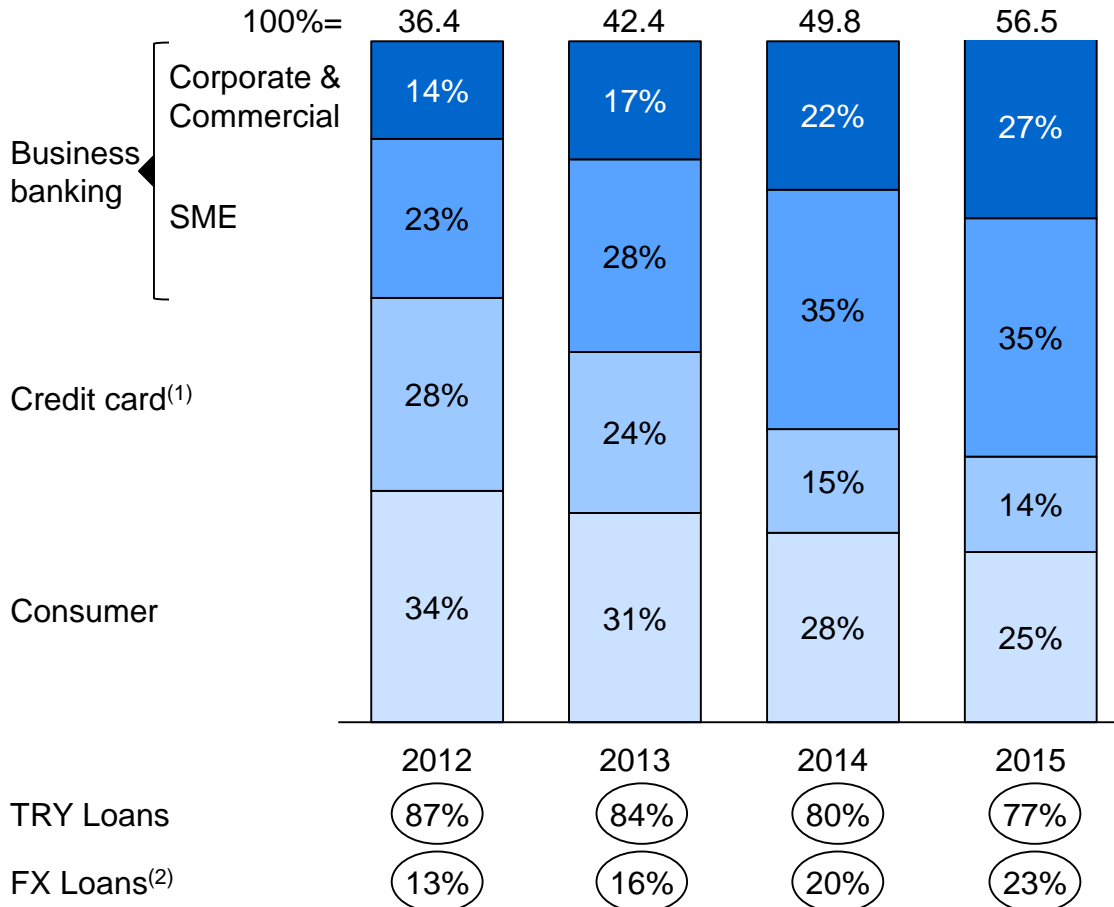
(1) FX-indexed TRY loans are shown in FX assets

# Sustainable and successful execution of loan strategy

## Loan book continued to shift towards business banking

### Performing Loans by Segment and Currency

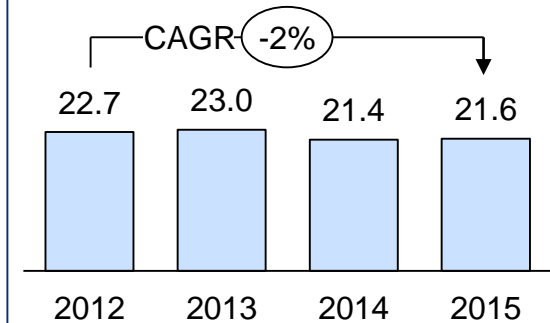
TRY, bn



## Retail loans are almost flat over the period

### Retail Loans

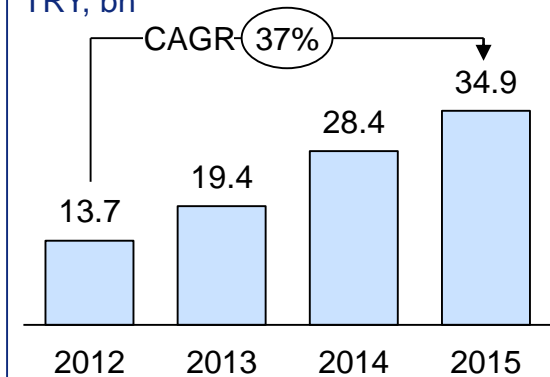
TRY, bn



## Significant growth in business loans

### Business Loans

TRY, bn



(1) Excluding commercial credit cards

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

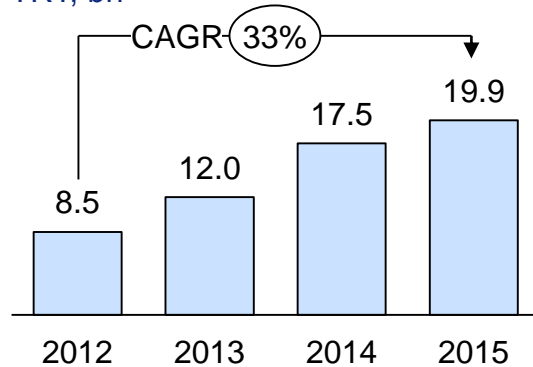


# ...focused on business banking loans and selective retail banking segments

■ Business banking  
■ Retail banking

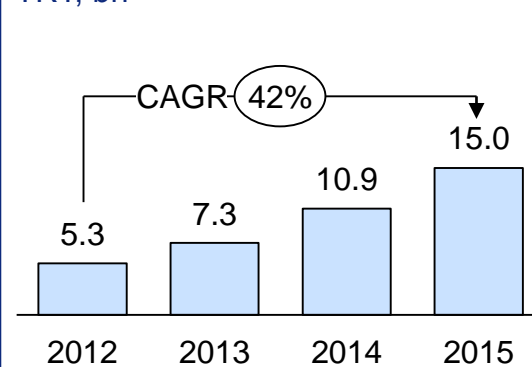
## Robust growth in SME loans continued...

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



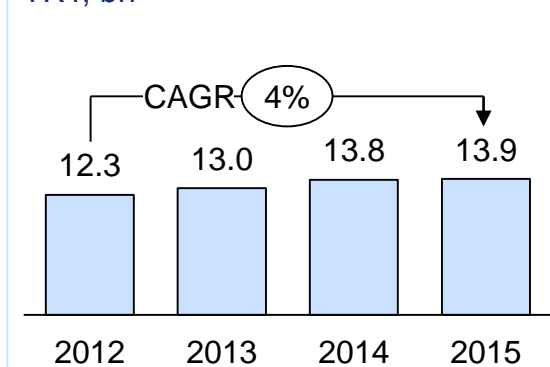
## ...as well as in corporate & commercial loans

**Corporate & Commercial Loans**  
TRY, bn



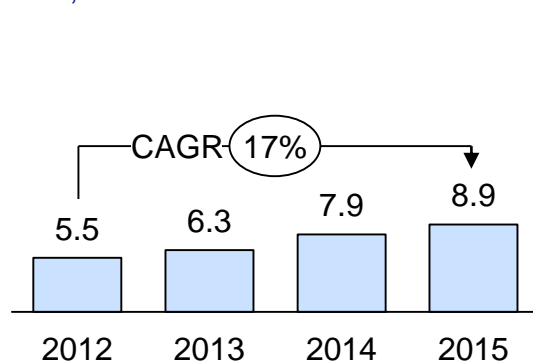
## Selective growth in consumer loans

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



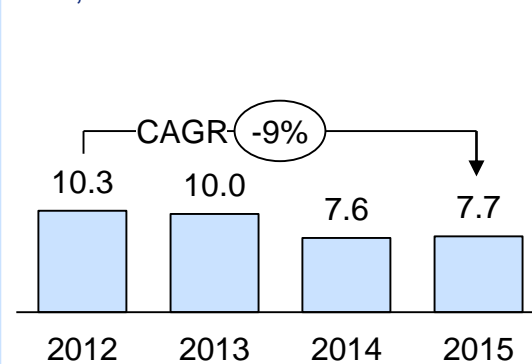
## Continued focus on GPL

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



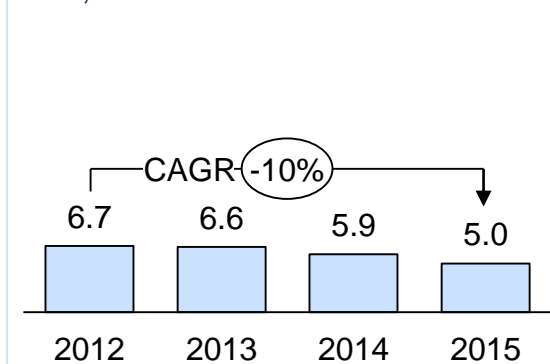
## Slight YoY increase in credit card loans

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



## Downward trend continues in mortgages

**Mortgage Loans**  
TRY, bn



(1) Based on BRSA segment definition

(2) Including GPL and mortgage loans

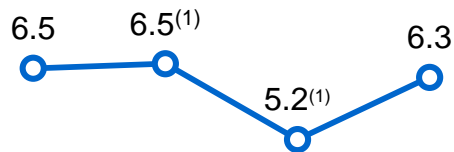
(3) Including overdraft

(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  
%

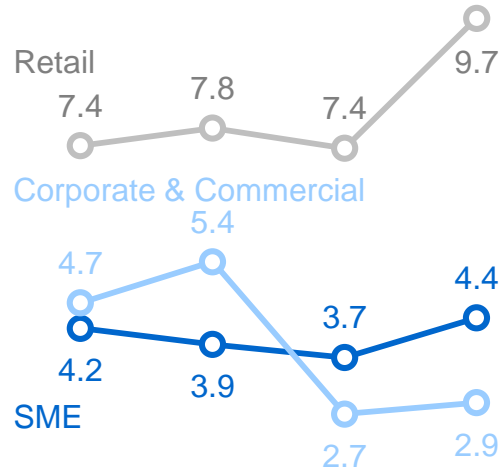


2012 2013 2014 2015

No write-off policy and no NPL sales in 2015

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

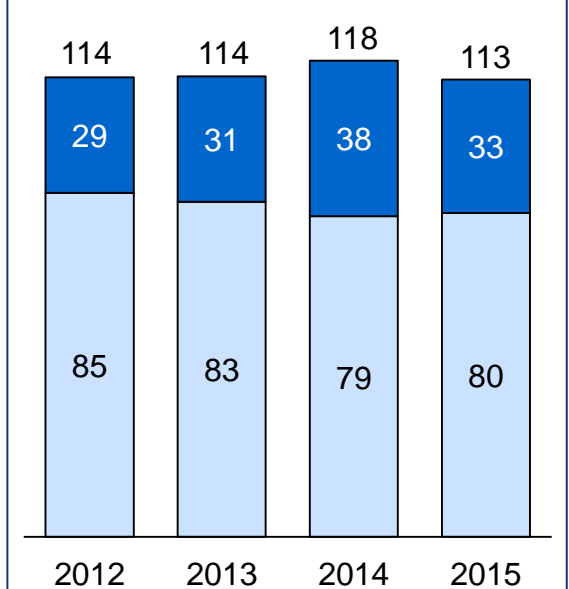
NPL Ratio by Segments  
%



2012 2013 2014 2015

## NPLs are well covered through general and specific provisions

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



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

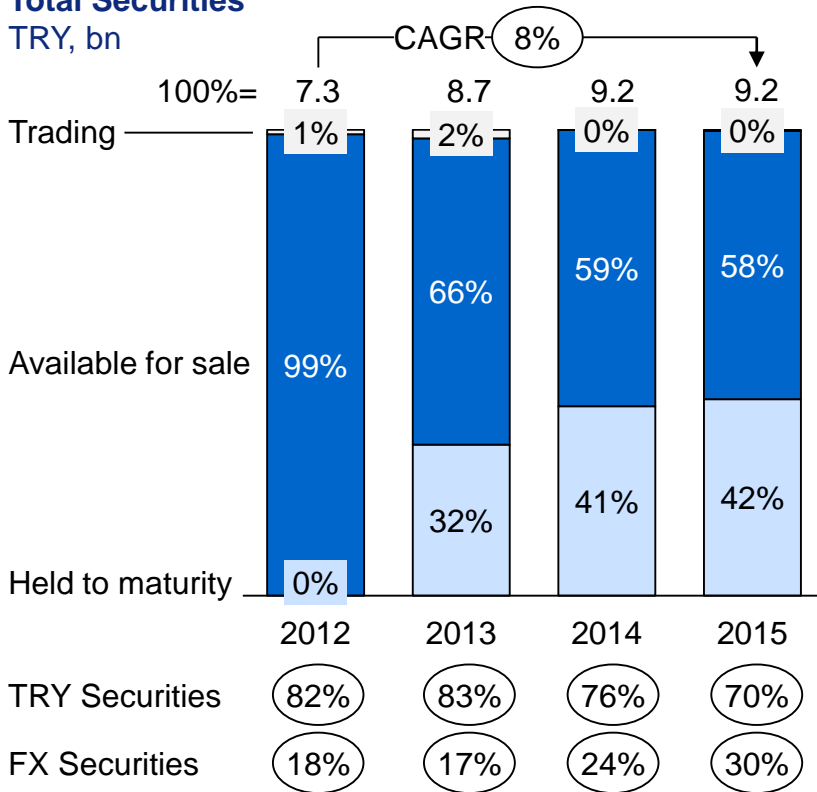
(2) General provisions include watch-list provisions

# Securities portfolio is at 11% of assets

## Controlled growth of securities portfolio over the period

### Total Securities

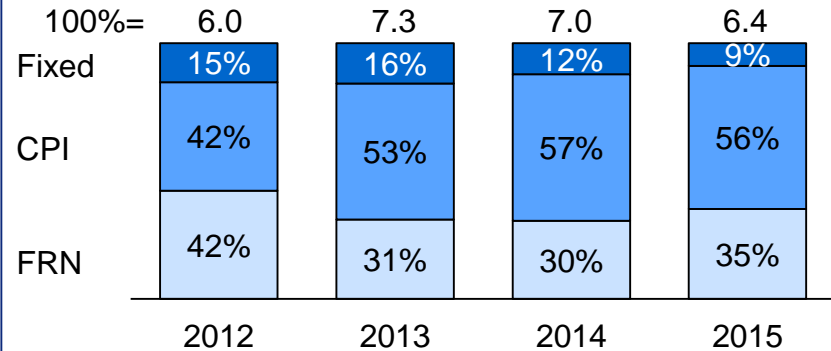
TRY, bn



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

### TRY Securities

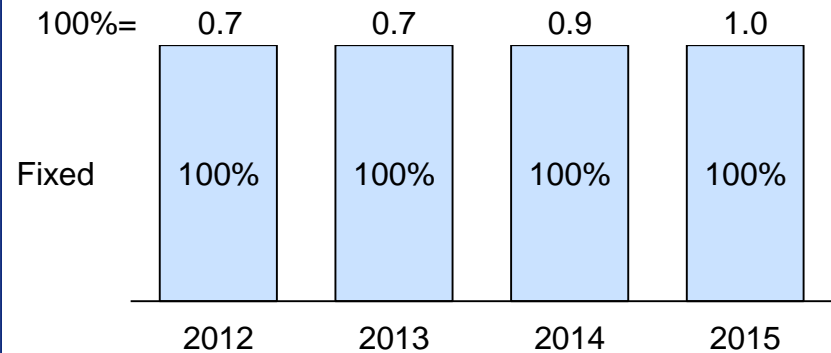
TRY, bn



## FX securities portfolio grew on USD terms

### FX Securities

USD, bn

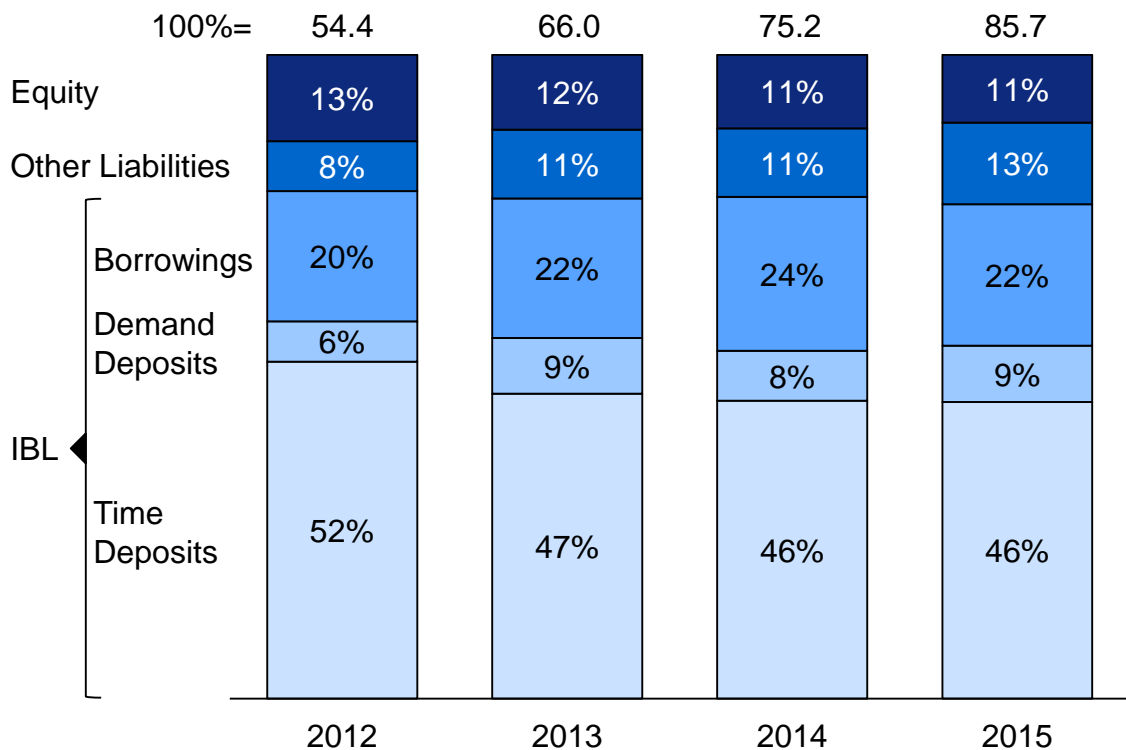


# Well-diversified funding structure underpinned by solid deposit base

## Increasing diversification of funding sources

### Total Liabilities

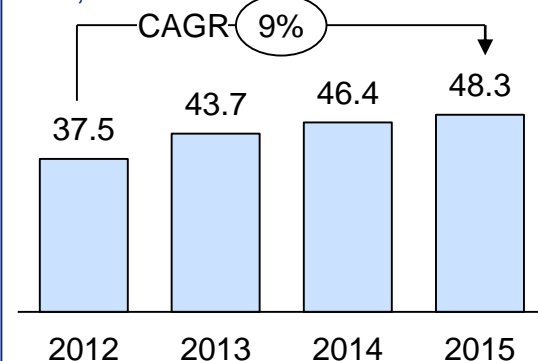
TRY, bn



## Market level growth in TRY liabilities

### TRY Liabilities

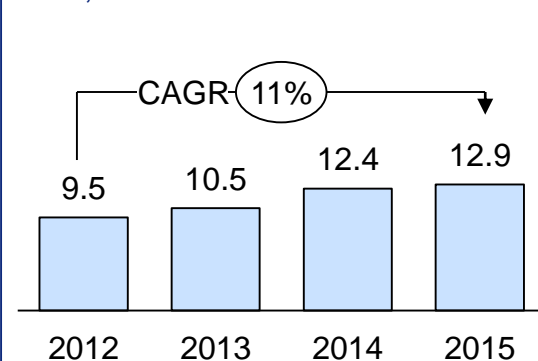
TRY, bn



## FX liabilities growth faster than that of TRY

### FX Liabilities

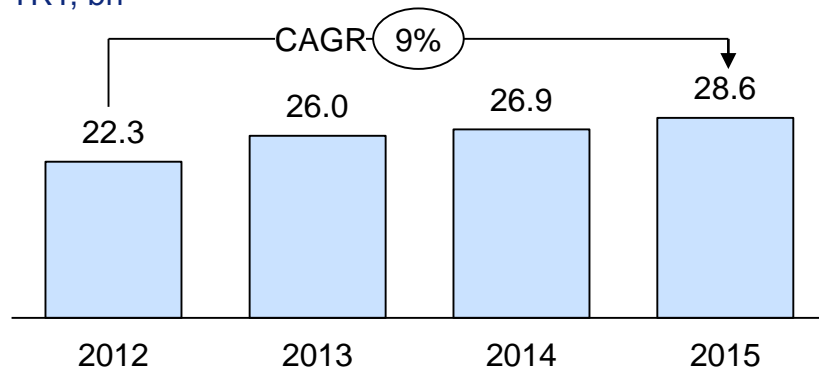
USD, bn



# Solid deposit base makes up 71% of IBL

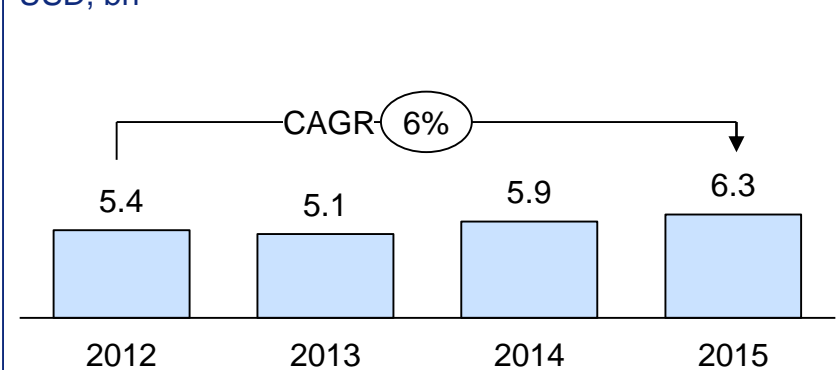
9% annual growth in TRY deposits over the period on average

**TRY Deposits**  
TRY, bn



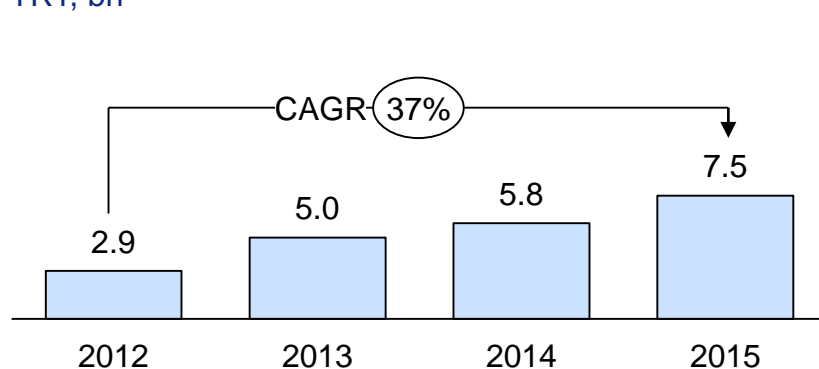
6% annual growth in FX deposits over the period on average

**FX Deposits**  
USD, bn



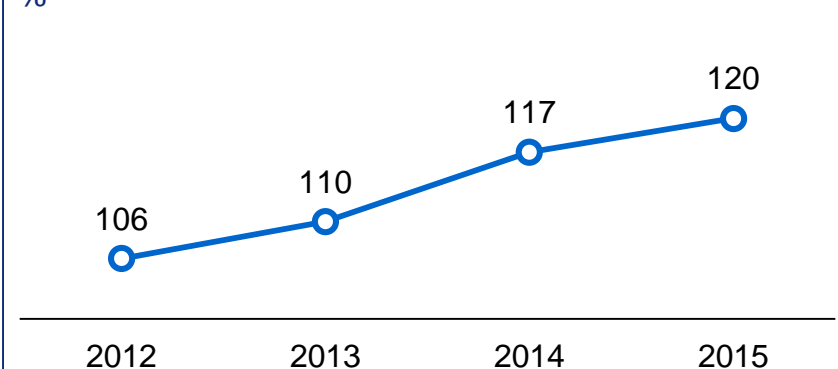
Impressive growth in demand deposits

**Demand Deposits**  
TRY, bn



Loan-to-deposit ratio in line with the sector

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

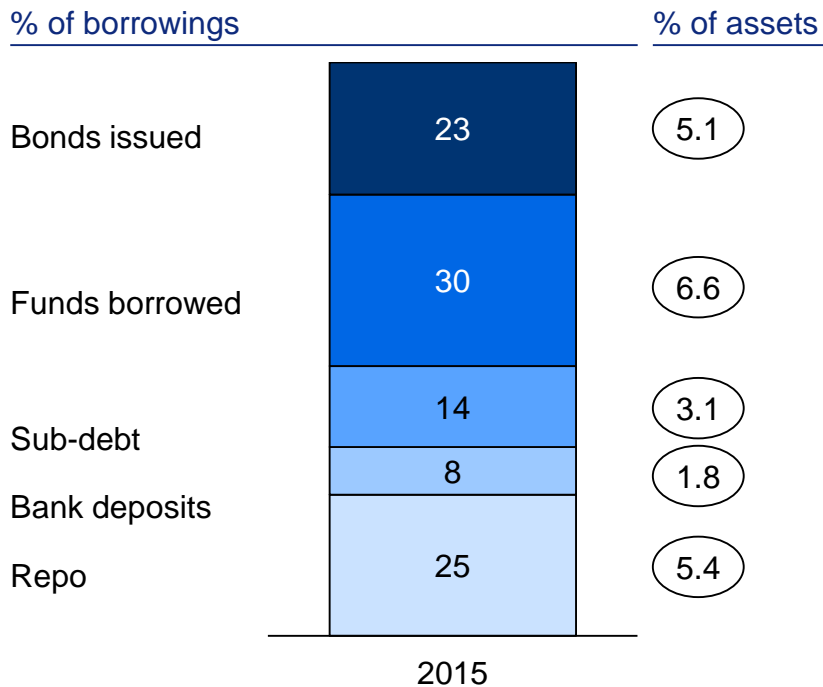


(1) Including TRY bonds

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

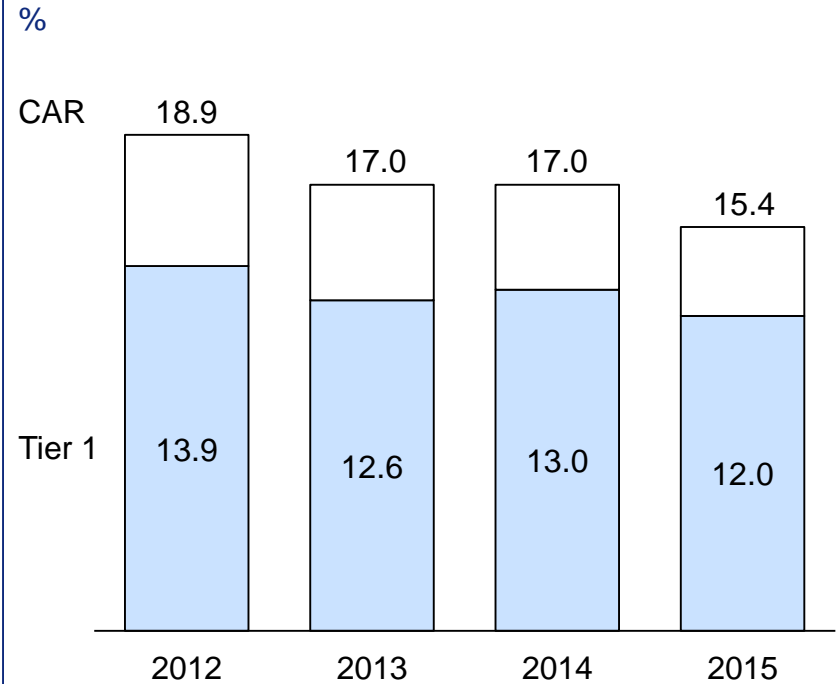
## Low reliance on institutional borrowings and repo funding

### Borrowings by Type



## Capital adequacy at comfortable level despite exchange rate effects that drive RWA higher

### Capital Adequacy



# 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 11.5 bn as of 2015
- TRY installment **loan book hedge ratio** is at 61.3% as of 2015 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

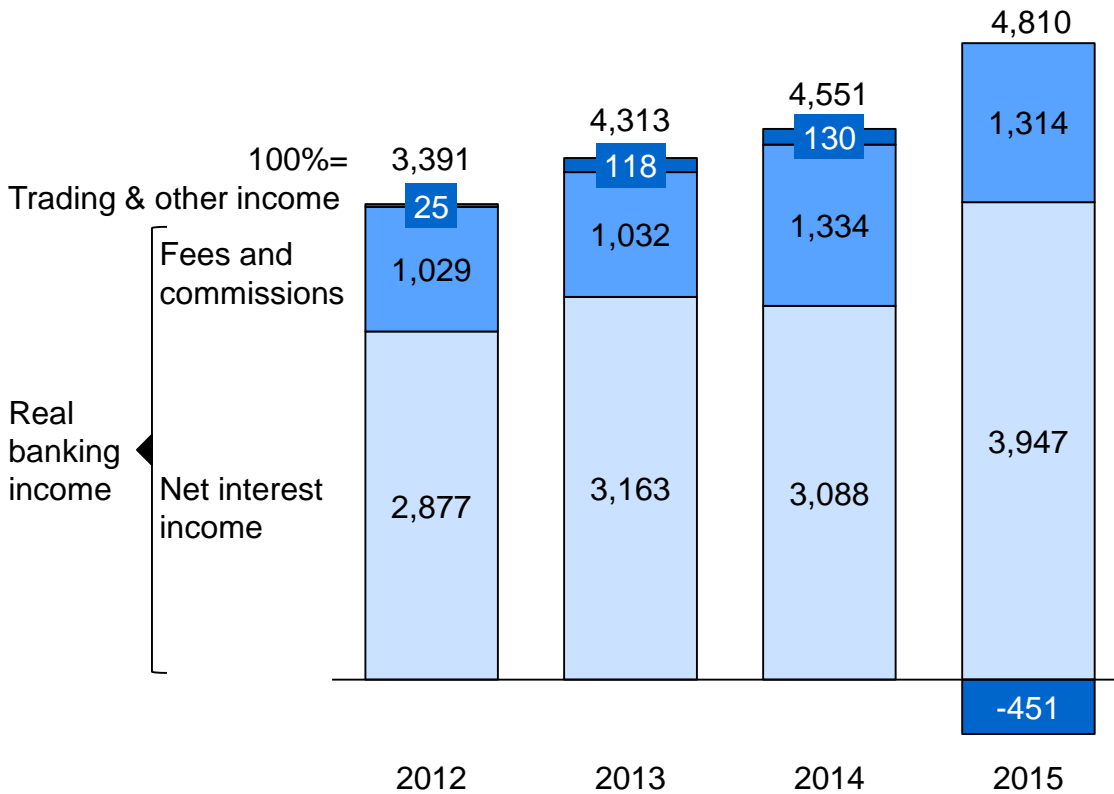


# Focus on real banking income generation

## Operating income driven from core banking activities

### Total Operating Income

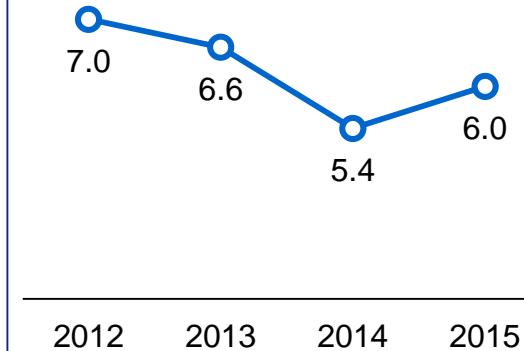
TRY, mn



## NIM expansion driven by higher yields in loans & securities

### NIM before Swap

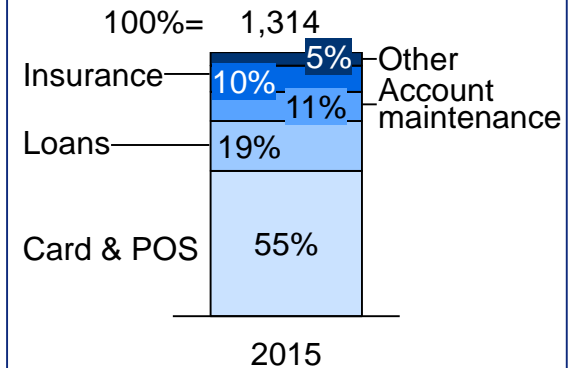
%



## Fees at 27% of operating income

### Fees & Commissions Breakdown

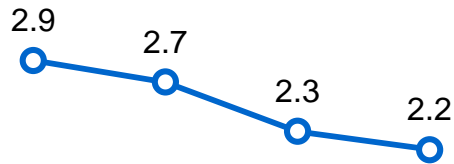
TRY, mn



# Cost of risk at comfortable level

## CoR on a declining trend

Cost of Risk  
%



2012 2013 2014 2015

## Shift towards business banking helps improve cost of risk

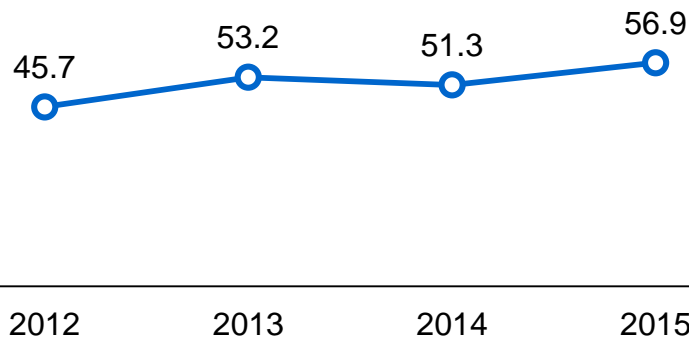
	Loan Composition				SCoR	General
	% of total loans				2015, %	Prov. Rates
	2012	2013	2014	2015		%
Credit cards <sup>(1)</sup>	28	24	15	14	4.2	4.0
	15	15	16	16	3.7	4.0
General purpose loans	19	16	12	9	0.3	1.0
	23	28	35	35	1.7	0.5
SME	14	17	22	27	0.6	1.0
Corporate & Commercial						

(1) Excluding commercial credit cards

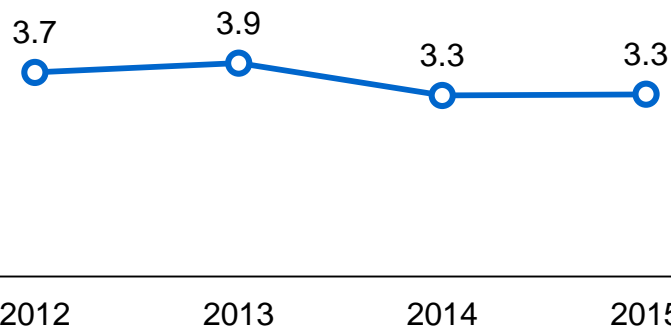
# Best in class cost management limits OpEx growth

## Increase in cost / income ratio due to accounting methodology change and one-off fine

Cost <sup>(1)(2)</sup> / Income  
%

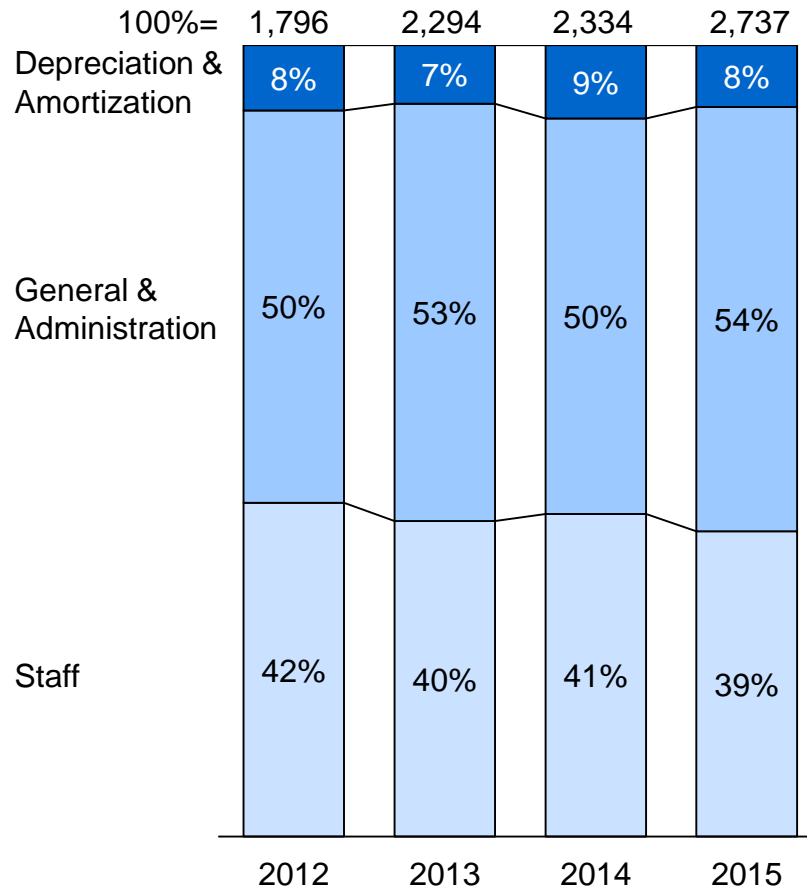


OpEx <sup>(1)(2)</sup> / Assets  
%



## Controlled OpEx growth

OpEx <sup>(1)(2)</sup>  
TRY, mn



(1) Commission refunds are reported under OpEx starting from 2015, totaling TRY 167 mn for 2015 full year

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

## Key financial ratios

	All figures quarterly	2012	2013	2014	2015	YoY
<b>Profitability</b>	RoAE	14.2%	9.8%	10.9%	8.0%	-2.9 pps
	RoAA	1.9%	1.2%	1.2%	0.9%	-0.3 pps
	Cost / Income	46%	53%	51%	57%	+5.6 pps
	NIM	7.0%	6.6%	5.4%	6.0%	+0.6 pps
<b>Liquidity</b>	Loans / Deposits	115%	116%	124%	122%	-2.0 pps
	Loans / (Dep. + TRY Bonds)	106%	110%	117%	120%	+3.0 pps
<b>Asset Quality</b>	NPL Ratio	6.5%	6.5%	5.2%	6.3%	+1.1 pps
	Coverage	85%	83%	79%	80%	+1.2 pps
	Cost of Risk	2.9%	2.7%	2.3%	2.2%	-1.5 pps
<b>Solvency</b>	CAR	18.9%	17.0%	17.0%	15.4%	-1.6 pps
	Tier I Ratio	13.9%	12.6%	13.0%	12.0%	-1.0 pps
	Leverage	7.5	8.6	8.8	9.5	+0.7

# 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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Turkish Banking Landscape & Finansbank

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

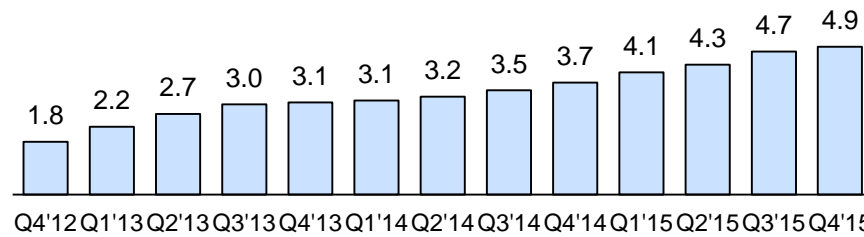
- Founded in Oct'12 as a stand-alone brand
- Based on philosophy of simple, transparent and low-cost, fully digital banking service, available at any time and location
- Offers current accounts (TRY / EUR / USD), debit cards and deposits, transfers, payments, overdraft and consumer loans with an offer 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

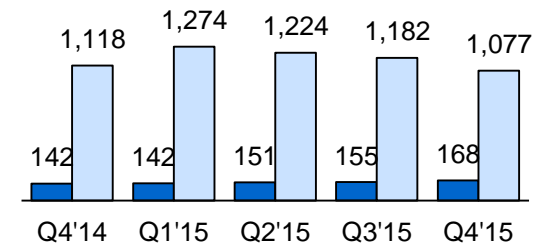
- Structural and unique advantage for Finansbank, which allows to capture previously untapped low-ticket size deposits with low cost base:
- Provides the flexibility to selectively price the more expensive big-ticket deposits, therefore creating a downward impact on blended cost of deposits

## Deposit volume and new consumer loan production as of Q4'15 equal to those of 74<sup>(1)</sup> and 100<sup>(2)</sup> physical branches respectively

**Deposits**  
TRY, bn



**GPL Production**  
TRY, mn



(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	2012	2013	2014	2015
Net interest income	2,877	3,163	3,088	3,947
Net fees and commissions income	1,029	1,032	1,334	1,314
Other income <sup>(1)</sup>	25	118	130	(451)
<b>Total income</b>	<b>3,931</b>	<b>4,313</b>	<b>4,551</b>	<b>4,810</b>
Provisions	(965)	(1,081)	(1,076)	(1,170)
Operating expenses	(1,796)	(2,294)	(2,334)	(2,737)
<b>Total expenses</b>	<b>(2,762)</b>	<b>(3,375)</b>	<b>(3,409)</b>	<b>(3,907)</b>
<b>Profit before tax</b>	<b>1,170</b>	<b>938</b>	<b>1,142</b>	<b>903</b>
Tax	(266)	(203)	(265)	(197)
<b>Net income</b>	<b>904</b>	<b>734</b>	<b>877</b>	<b>706</b>

Balance Sheet				
TRY, mn	2012	2013	2014	2015
Cash & Banks <sup>(2)</sup>	7,224	8,515	9,108	10,313
Securities	7,310	8,731	9,165	9,197
Net Loans	36,793	42,910	50,344	57,273
Fixed Assets	1,288	1,344	2,380	2,283
Other Assets	1,786	4,510	4,209	6,661
<b>Total Assets</b>	<b>54,402</b>	<b>66,010</b>	<b>75,206</b>	<b>85,727</b>
Customer Deposits	31,874	36,980	40,652	47,009
Borrowings	11,021	14,301	17,964	18,835
Bonds Issued	4,078	3,955	5,373	4,336
Funds Borrowed	2,539	3,351	4,898	5,640
Sub-debt	1,630	1,951	2,122	2,662
Bank Deposit	1,048	1,341	1,423	1,557
Repo	1,727	3,703	4,147	4,639
Other	4,216	7,080	8,017	10,860
Equity	7,290	7,648	8,574	9,024

(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	2012	2013	2014	2015
Net interest income	2,999	3,269	3,205	4,083
Net fees and commissions income	1,115	1,087	1,397	1,387
Other income <sup>(1)</sup>	186	105	134	(504)
<b>Total income</b>	<b>4,300</b>	<b>4,461</b>	<b>4,736</b>	<b>4,966</b>
Provisions	(978)	(1,103)	(1,100)	(1,207)
Operating expenses	(1,914)	(2,383)	(2,444)	(2,874)
<b>Total expenses</b>	<b>(2,892)</b>	<b>(3,486)</b>	<b>(3,544)</b>	<b>(4,082)</b>
<b>Profit before tax</b>	<b>1,408</b>	<b>974</b>	<b>1,192</b>	<b>884</b>
Tax	(290)	(216)	(276)	(204)
<b>Net income</b>	<b>1,118</b>	<b>758</b>	<b>916</b>	<b>680</b>

Balance Sheet				
TRY, mn	2012	2013	2014	2015
Cash & Banks <sup>(2)</sup>	7,320	8,688	9,209	10,403
Securities	7,298	8,779	9,209	9,254
Net Loans	36,790	42,856	50,181	57,110
Fixed Assets	841	943	1,897	1,979
Other Assets	3,186	6,399	6,339	9,304
<b>Total Assets</b>	<b>55,436</b>	<b>67,666</b>	<b>76,835</b>	<b>88,049</b>
Customer Deposits	31,657	36,766	40,473	46,755
Borrowings	12,084	15,848	19,439	20,921
Bonds Issued	4,078	3,955	5,825	5,827
Funds Borrowed	3,540	4,821	5,853	6,066
Sub-debt	1,630	1,951	2,122	2,662
Bank Deposit	1,048	1,341	1,423	1,557
Repo	1,789	3,780	4,216	4,809
Other	4,245	7,189	8,126	10,968
Equity	7,449	7,863	8,798	9,405

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

(2) Represents provision for loan or other receivable losses

## Borrowings and Issuances

Type of Borrowing	Maturity	Currency	Outstanding Principal (mn)	Tenor (Years)
TRY Bond	Feb-16	TRY	230.15	0.25
TRY Bond	Feb-16	TRY	4.04	0.24
TRY Bond	Jan-16	TRY	60.15	0.25
TRY Bond	Jan-16	TRY	27.52	0.49
TRY Bond	Jan-16	TRY	156.54	0.25
TRY Bond	Mar-16	TRY	64.2	0.25
Eurobond	May-16	USD	500	5.01
Eurobond	Nov-17	USD	350	5.00
Eurobond	Apr-19	USD	500	5.00
Eurobond	Jan-16	USD	15	1.00
EIB	Feb-16	EUR	19.86	7.01
EIB	May-16	EUR	29.96	7.00
EIB	Oct-17	EUR	28.63	7.01
Securitisation	Nov-24	EUR	50	11.91
Securitisation	Nov-17	EUR	10	4.91
EBRD	May-20	EUR	50	5.27
EFSE	Dec-19	EUR	25	5.01
PROPARCO	Jul-25	EUR	20	10.32
Subordinated Debt	Oct-20	USD	325	11.07
Subordinated Debt	Oct-21	USD	200	12.01
Subordinated Debt	Dec-21	USD	125	12.01
Subordinated Debt	Dec-21	USD	260	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
Securitisation	Nov-17	USD	75	4.91
Securitisation EBRD	Aug-20	USD	100	4.92
Securitisation IFC	Aug-20	USD	100	4.92
Securitisation IFC	Aug-20	USD	50	4.92
Securitisation IFC	Aug-20	USD	30	4.92
Syndication EUR Tranche	Nov-16	EUR	365	1.01
Syndication EUR Tranche	Nov-16	EUR	11	0.99
Syndication USD Tranche	Nov-16	USD	40	1.00
Syndication USD Tranche	Nov-16	USD	59.5	1.01
EIB	Dec-21	EUR	30	6.01
EFSE	Dec-22	EUR	15	6.97

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