

# Finansbank Q2'15 Corporate Presentation

# Agenda

## Turkish Banking Landscape & Finansbank

Loan-based Balance Sheet Delivering High Quality Earnings

Solid Financial Performance

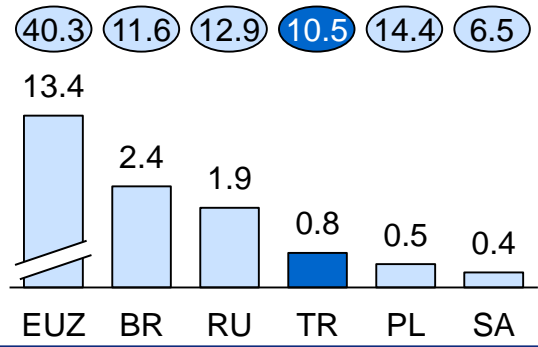
Appendix

# Structurally attractive Turkish economy underpinning a dynamic banking sector

EUZ: Eurozone      PL: Poland  
 BR: Brazil        SA: South Africa  
 RU: Russia        TR: Turkey

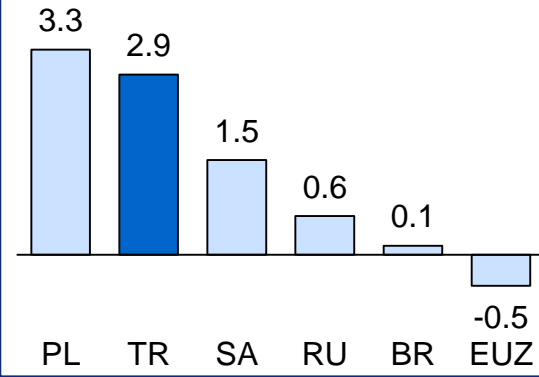
## Large economy with low GDP / capita...

**GDP**  
 2014, USD, tn      ○ GDP per capita (USD, k)



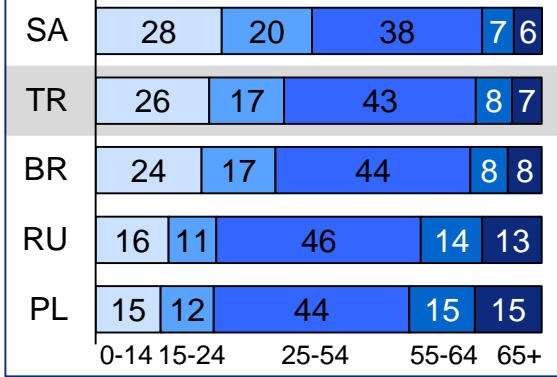
## ...high real GDP growth...

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



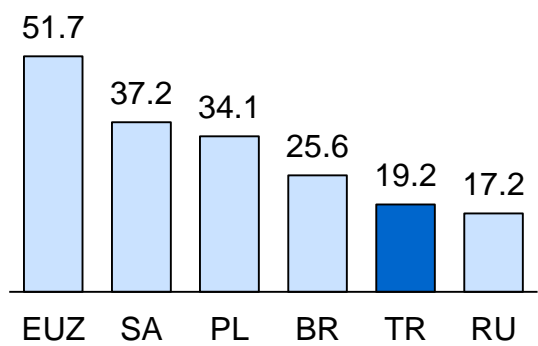
## ...and highly attractive demographic profile

**Population by Age Groups**  
 %



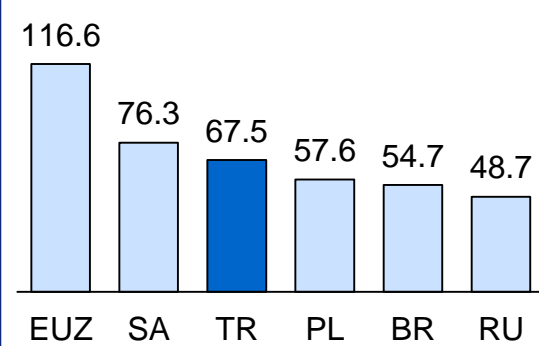
## Underlevered population...

**Household debt / GDP**  
 2014, %



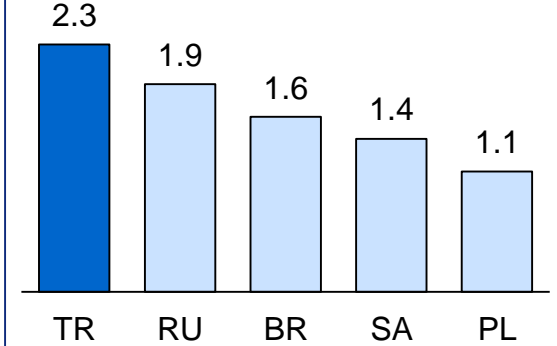
## ...with further penetration potential...

**Loans / GDP**  
 2014, %



## ...and a high return on assets


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



Source: IMF WEO – Apr'15; ECB; CIA World Fact Book; Central Banks; BRSA; Turkstat; IMF FSI

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

H1'15

Financial Highlights – Bank Only		Distribution Highlights		Market Positioning <sup>(1)</sup>	
<b>Total Assets</b> TRY, bn	82.5	<b>Active Customers</b> mn	5.3	<b>Total Assets</b>	5 <sup>th</sup>
<b>Net Loans</b> TRY, bn	54.6	<b>Credit Cards</b> mn	5.0	<b>Net Loans</b>	5 <sup>th</sup>
<b>Customer Deposits</b> TRY, bn	42.7	<b>Debit Cards</b> mn	5.1	<b>General Purpose Loans<sup>(2)</sup></b>	5 <sup>th</sup>
 <b>Deposits</b> TRY, bn	4.3	<b>Branches</b> #	654	<b>Mortgages</b>	6 <sup>th</sup>
<b>Shareholder's Equity</b> TRY, bn	9.0	<b>Employees</b> #	12,884	<b>Credit Cards</b>	5 <sup>th</sup>
<b>Net Income</b> TRY, mn	504	<b>ATMs</b> #	3,035	<b>Commercial Installment Loans</b>	4 <sup>th</sup>
<b>RoAA</b> %	1.3	<b>POS</b> k	233	<b>Total Deposits</b>	6 <sup>th</sup>
<b>RoAE</b> %	11.5			<b>Branches</b>	6 <sup>th</sup>
<b>CAR</b> %	15.8				

Source: The Banks Association of Turkey

(1) As of Q1'15, 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																													
	<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>				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

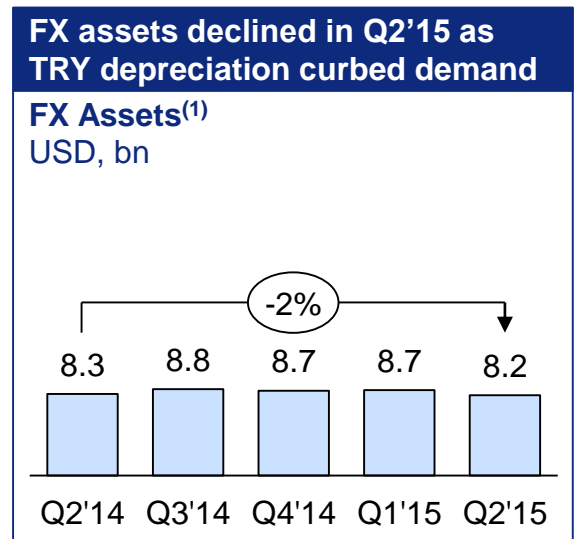
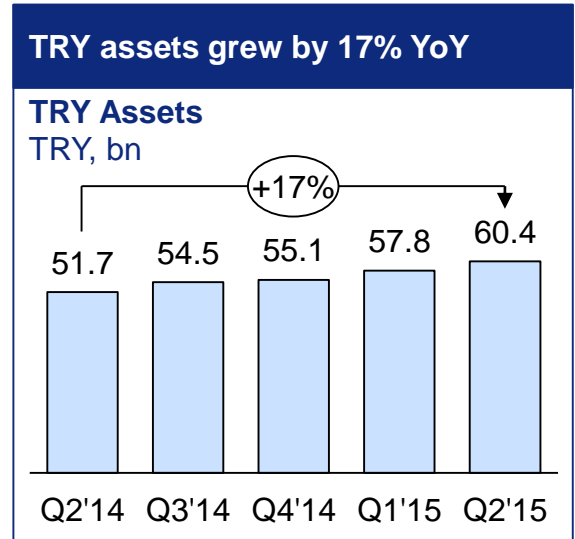
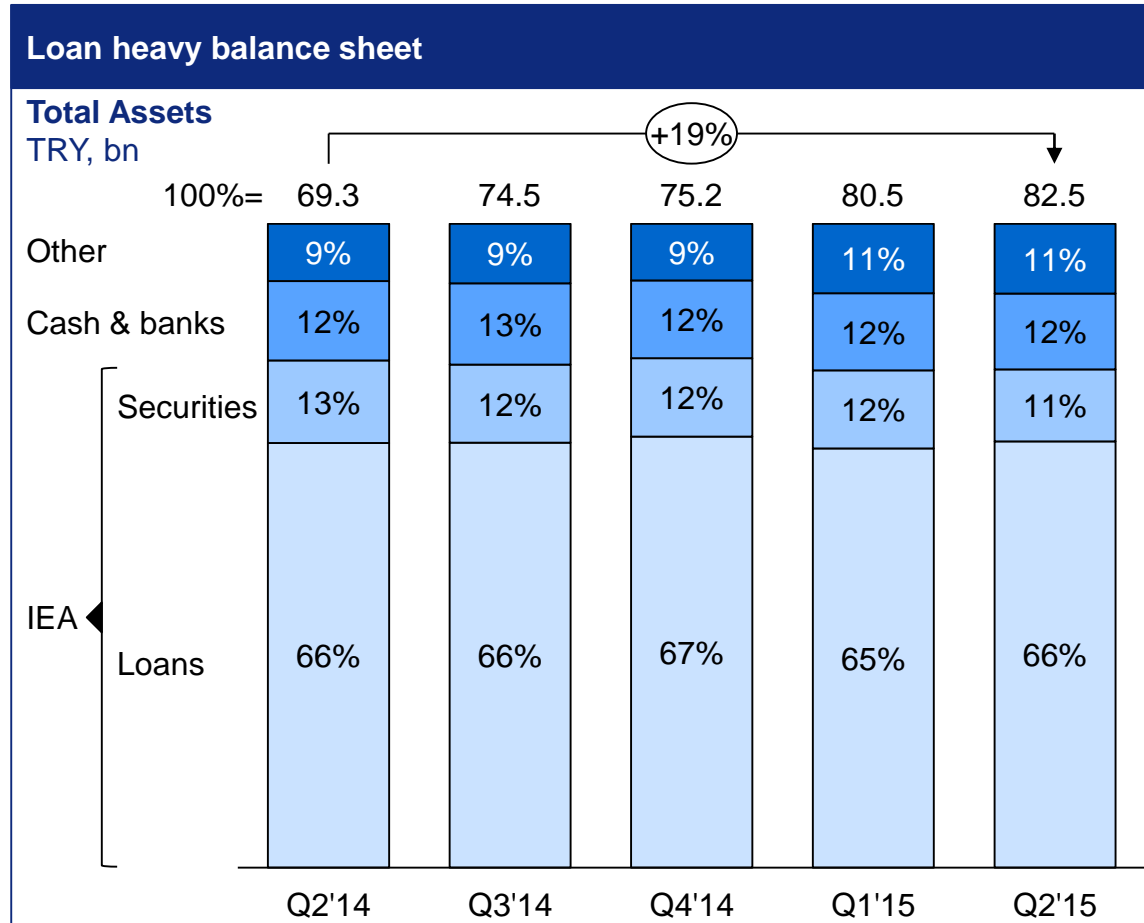
Turkish Banking Landscape & Finansbank

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

Solid Financial Performance

Appendix

# Asset size exceeded TRY 82 billion in Q2'15 with 19% YoY growth



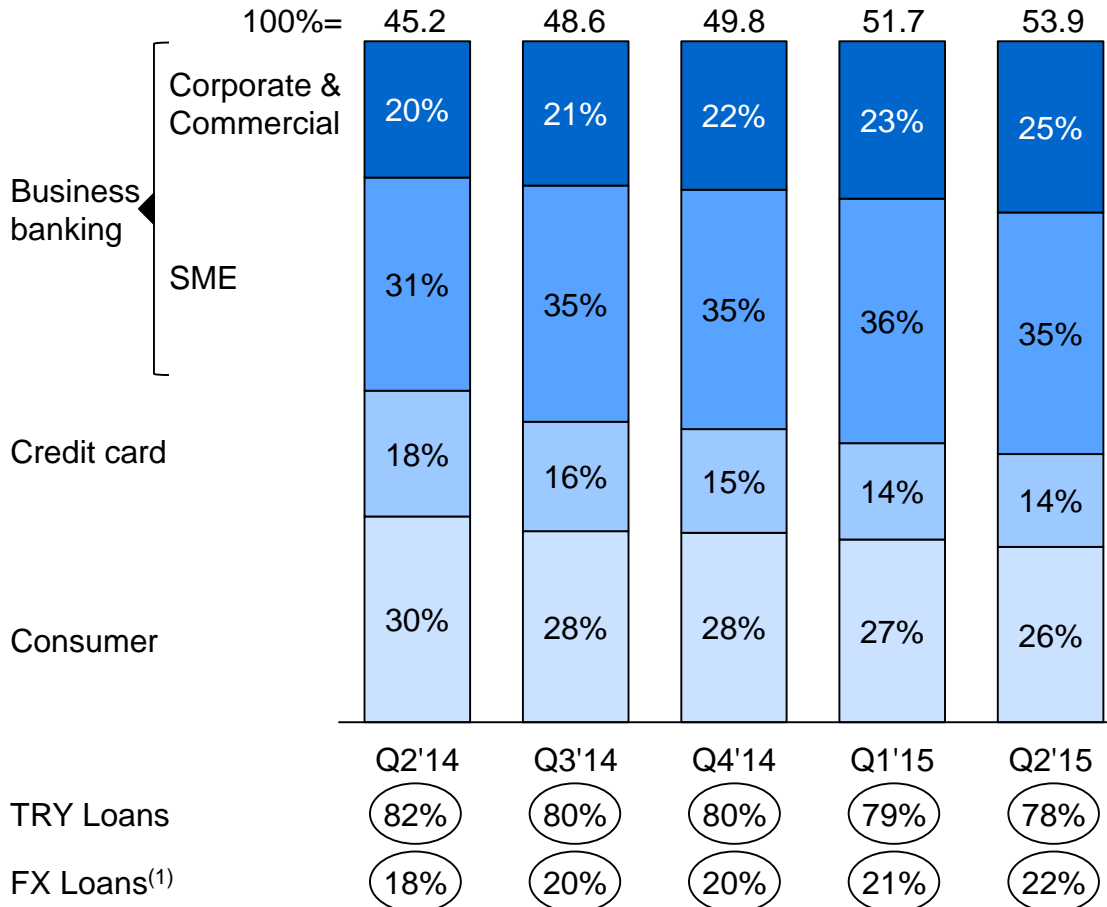
(1) FX-indexed TRY loans are shown in FX assets

# Sustainable and successful execution of the growth strategy...

## Loan book continued to shift towards business banking

### Performing Loans by Segment and Currency

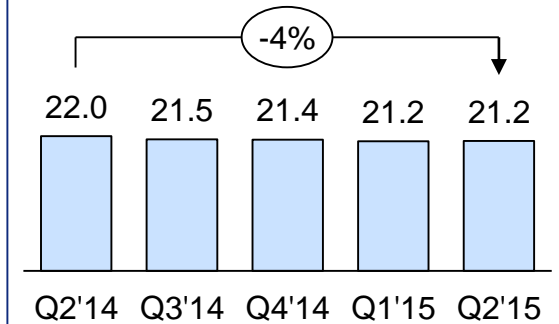
TRY, bn



## Retail loans remained flat QoQ

### Retail Loans

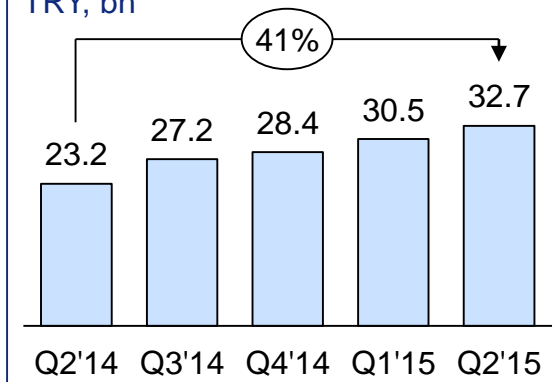
TRY, bn



## Business loans grew by 7% in the last quarter

### Business Loans

TRY, bn



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

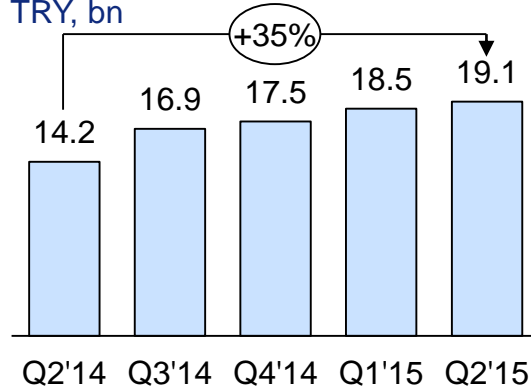


# ...focused on business banking loans and selective retail banking segments

■ Business banking  
■ Retail banking

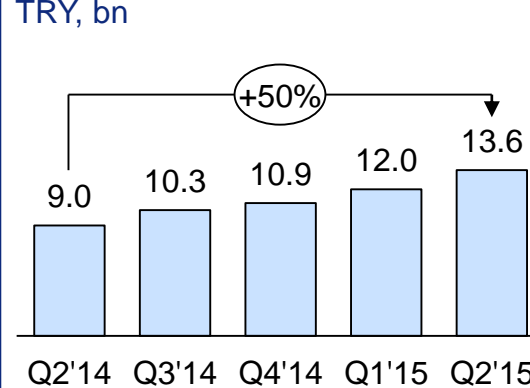
## Robust growth in SME loans continued...

**SME Loans**  
TRY, bn



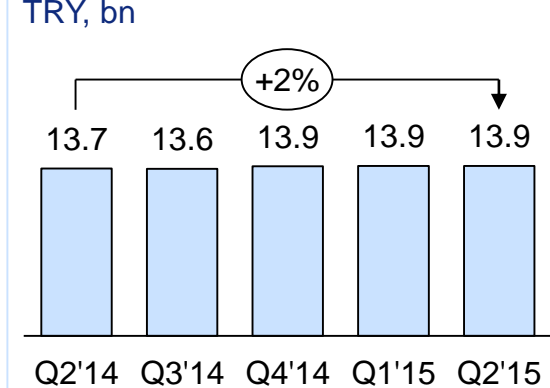
## ...as well as in corporate & commercial loans

**Corporate & Commercial Loans**  
TRY, bn



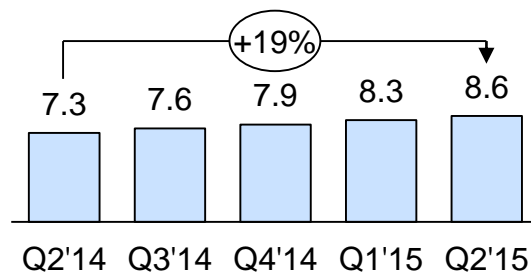
## Consumer loans are flat on QoQ basis

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



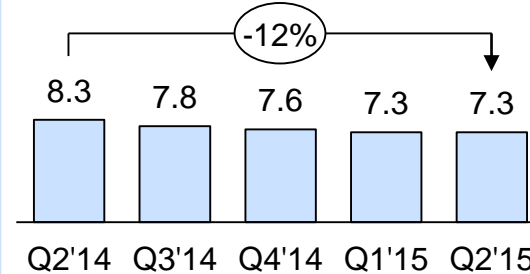
## Continued focus on GPL

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



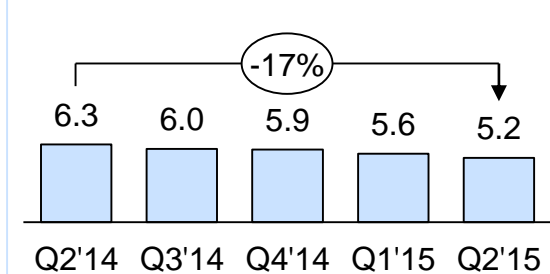
## Credit card loans are flat on QoQ basis

**Credit Card Loans**  
TRY, bn



## Downward trend continues in mortgages

**Mortgage Loans**  
TRY, bn



(1) Including GPL and mortgage loans

(2) Including overdraft

# Comfortable asset quality with high coverage ratios

**NPL ratio slightly deteriorated as asset growth slowed in Q2'15...**

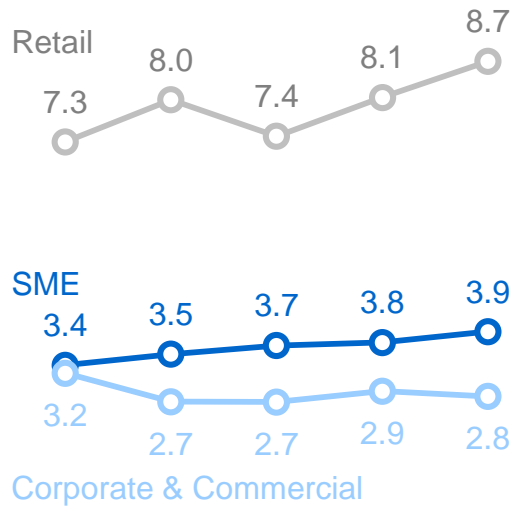
**NPL Ratio**  
%



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

**... mainly behind retail segment**

**NPL Ratio by Segments**  
%

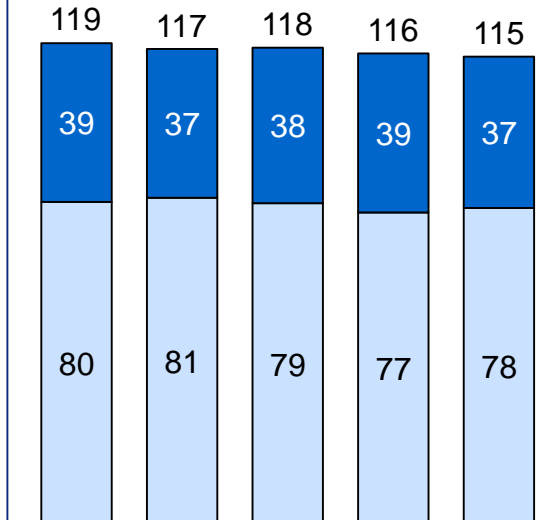


Q2'14 Q3'14 Q4'14 Q1'15 Q2'15

**NPLs are well covered through general and specific provisions**

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

■ General provisions / NPL  
■ Specific provisions / NPL



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

(1) After NPL sales during the periods

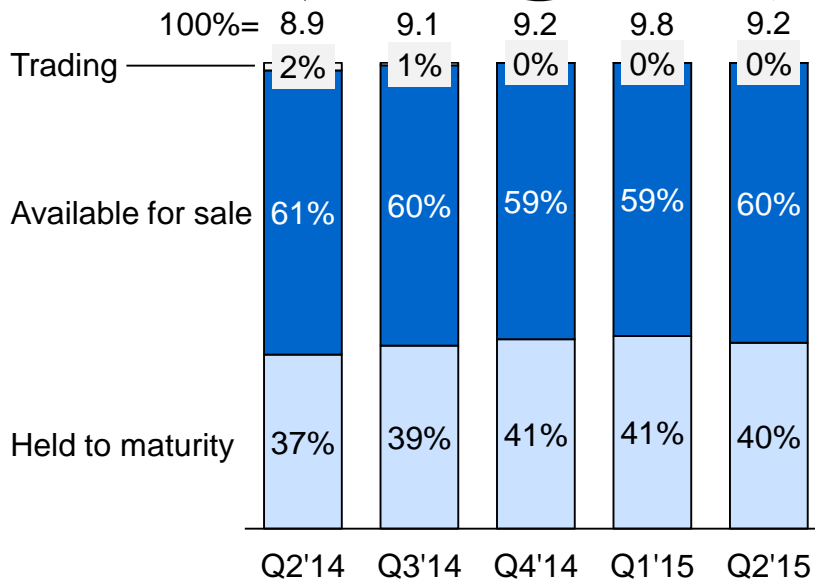
(2) General provisions include watch-list provisions

# Securities portfolio decreased to 11% of assets

## Slight increase in security portfolio on YoY basis

### Total Securities

TRY, bn



TRY Securities

81% 81% 76% 76% 72%

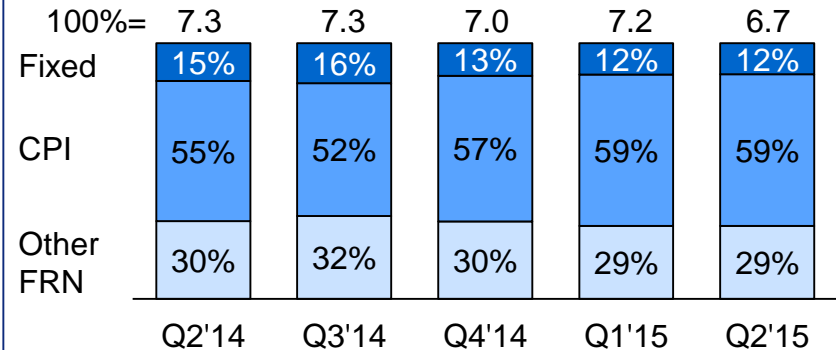
FX Securities

19% 19% 24% 24% 28%

## 88% of TRY securities are indexed / variable rate

### TRY Securities

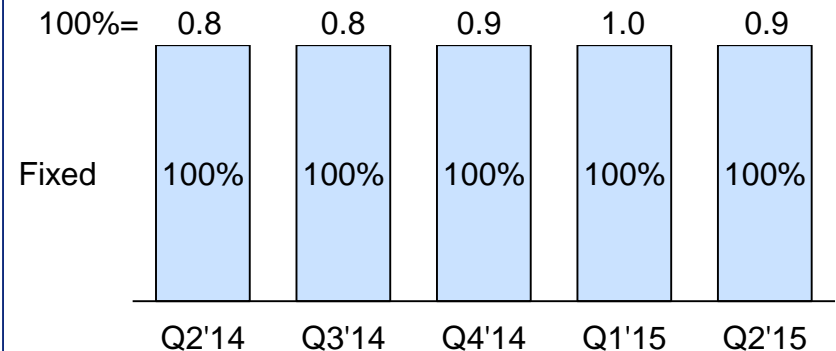
TRY, bn



## FX securities grew by 21% YoY

### FX Securities

USD, bn

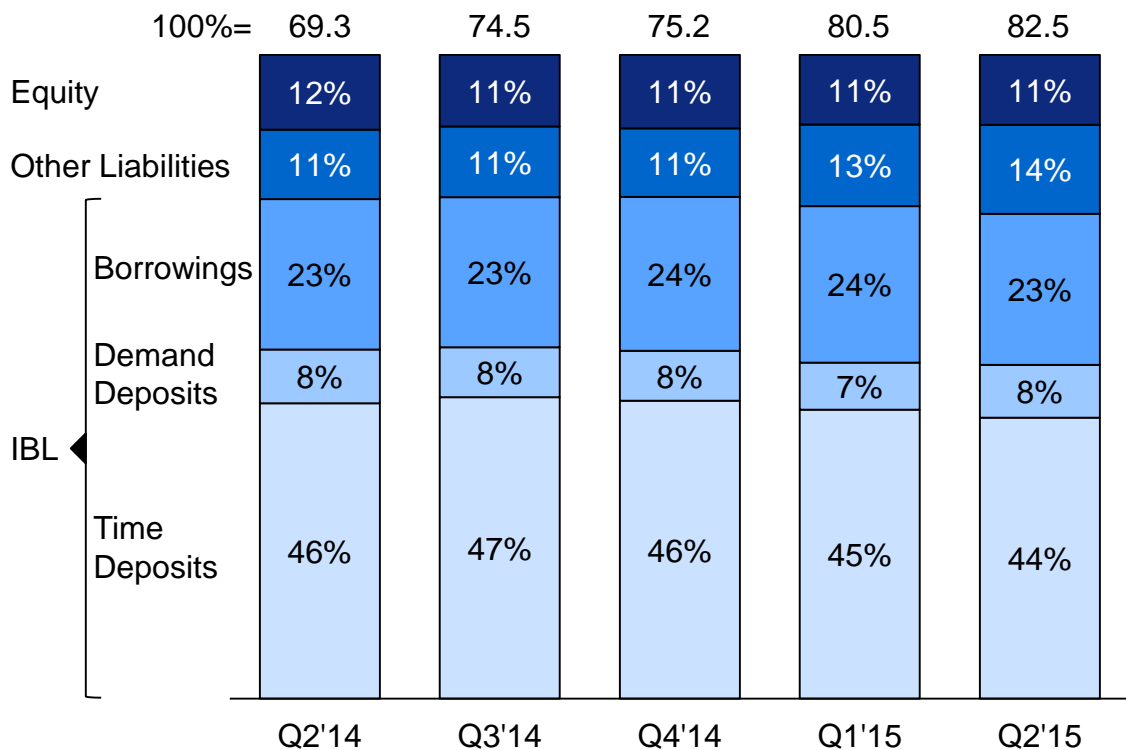


# Well-diversified funding structure underpinned by solid deposit base

## Increasing diversification of funding sources

### Total Liabilities

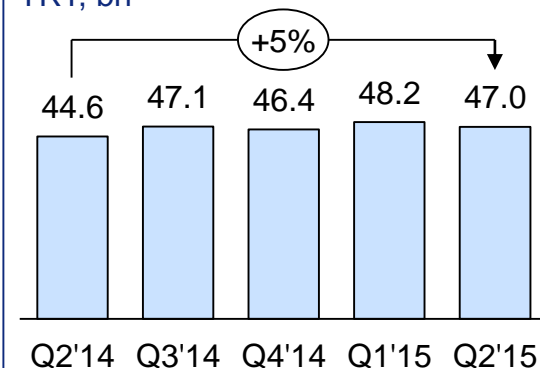
TRY, bn



## TRY liabilities grew by 5% YoY

### TRY Liabilities

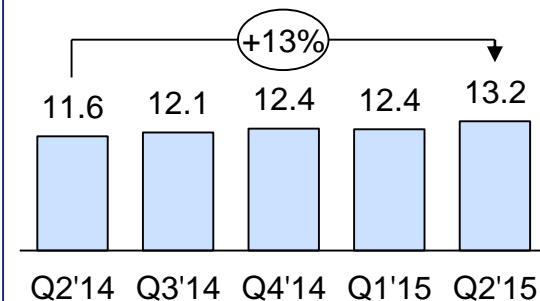
TRY, bn



## FX liabilities grew by 13% YoY

### FX Liabilities

USD, bn

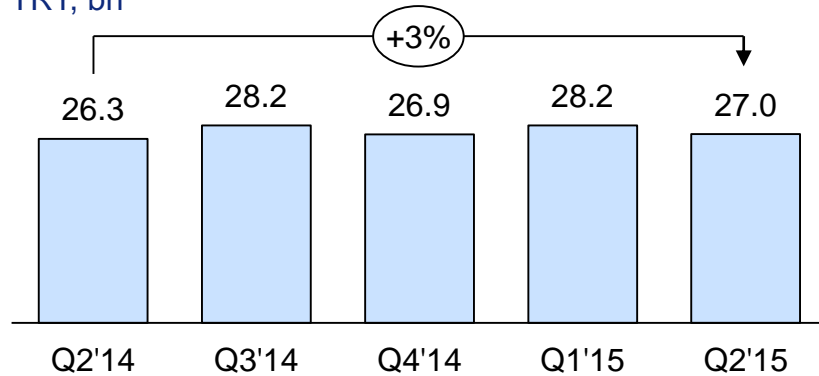


# Solid deposit base makes up 69% of IBL

## 3% increase in TRY customer deposits on YoY basis

### TRY Deposits

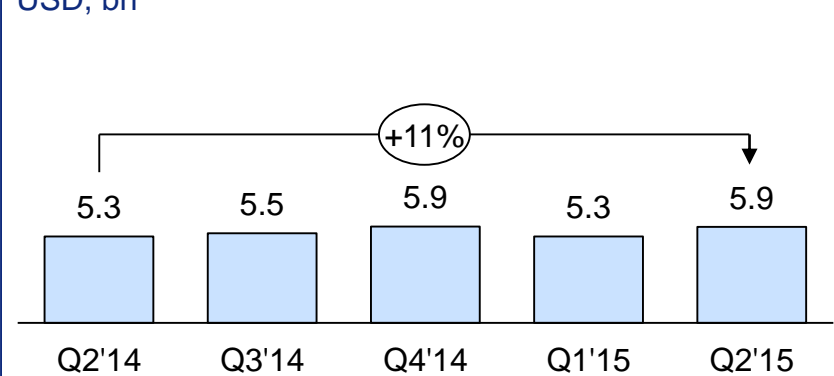
TRY, bn



## 11% increase in FX customer deposits on YoY basis

### FX Deposits

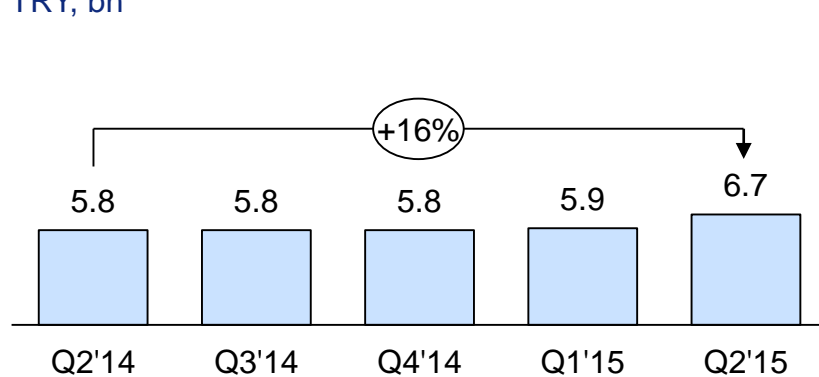
USD, bn



## Demand deposits stand at 16% of total deposits

### Demand Deposits

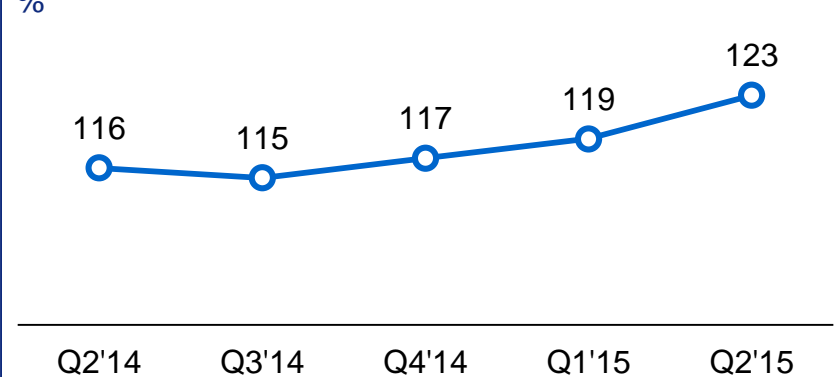
TRY, bn



## Loan-to-deposit ratio increased to 123% in Q2'15

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

%

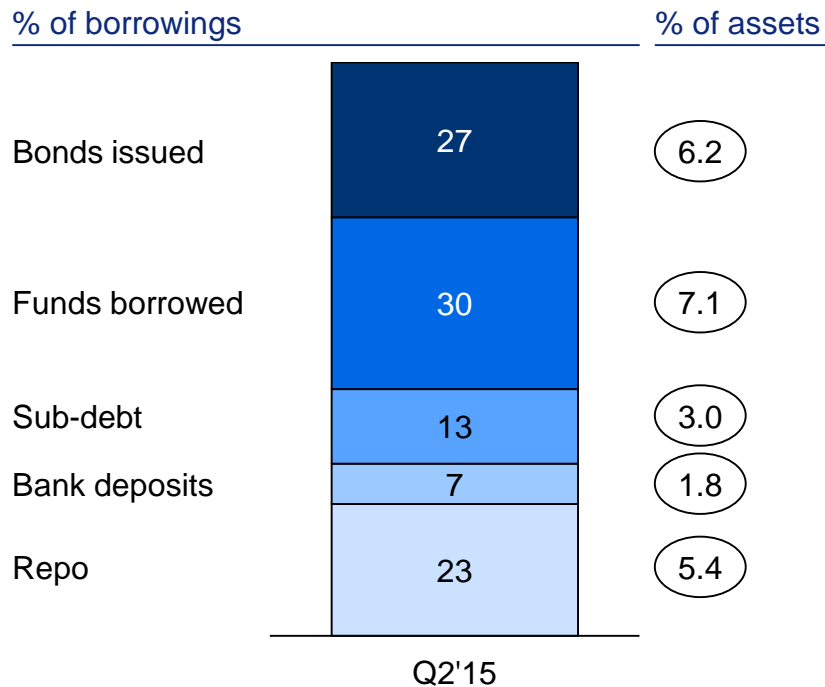


(1) Including TRY bonds

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

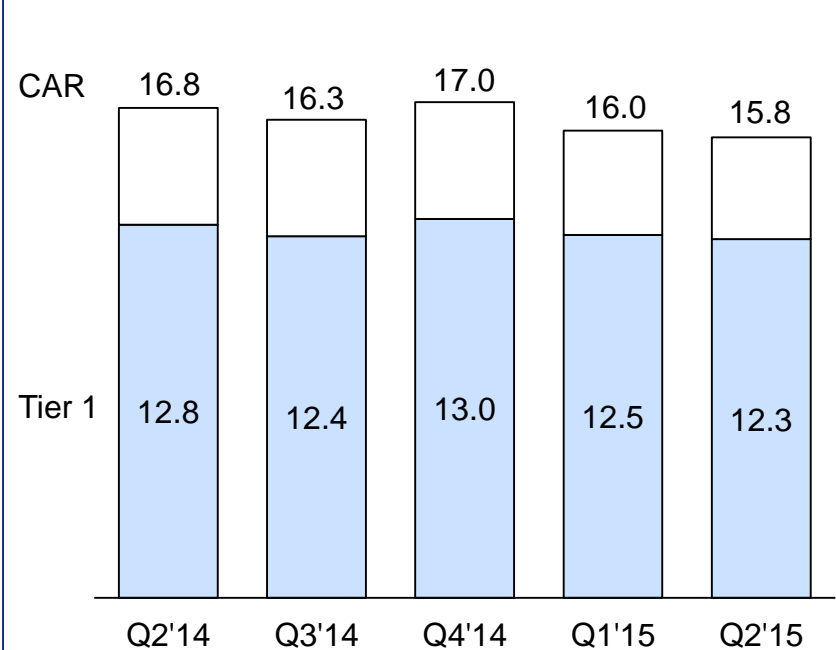
## Low reliance on institutional borrowings and repo funding

### Borrowings by Type



## Best in class capital adequacy ratio almost flat on QoQ basis

### 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 11.2 bn as of Q2'15
- TRY installment **loan book hedge ratio** is at 61% as of Q2'15 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 (9.3% losses / equity as of Q1'15, 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

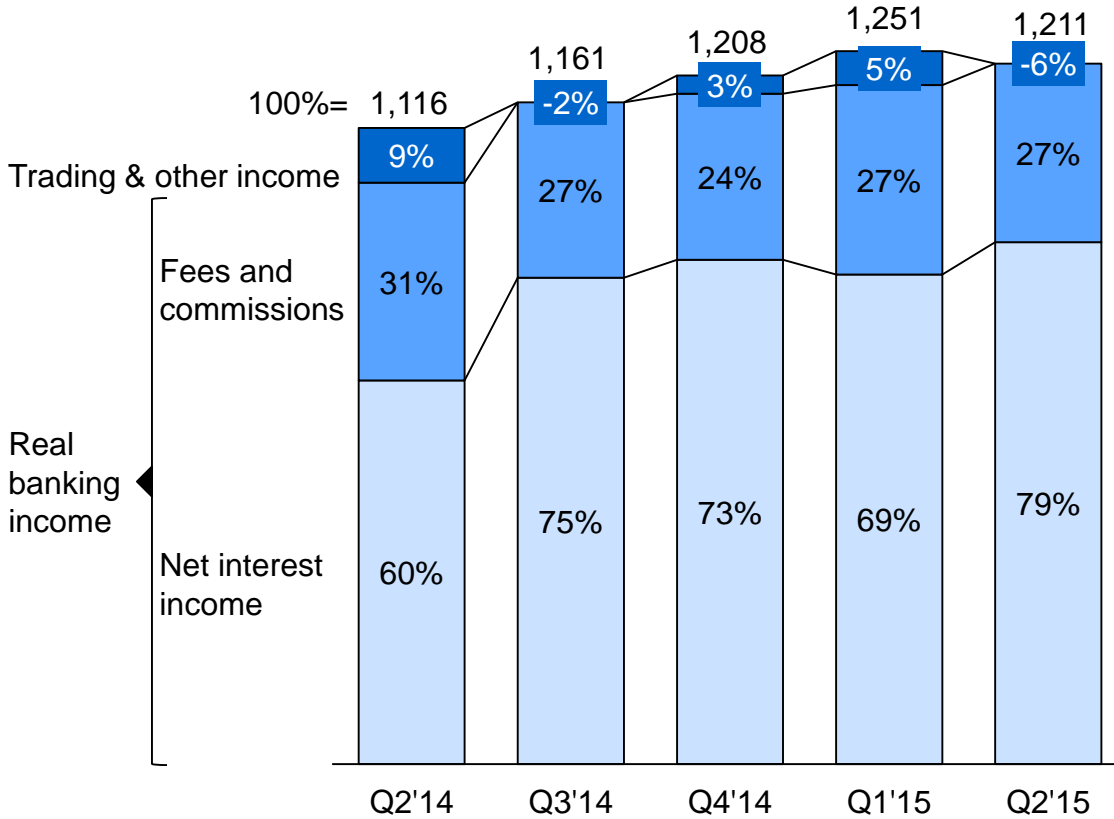


# Focus on real banking income generation

## Operating income driven from core banking activities

### Total Operating Income

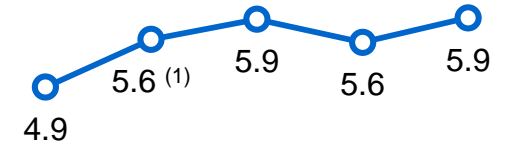
TRY, mn



## NIM expansion driven by higher yields in loans&securities in Q2'15

### Quarterly NIM

%

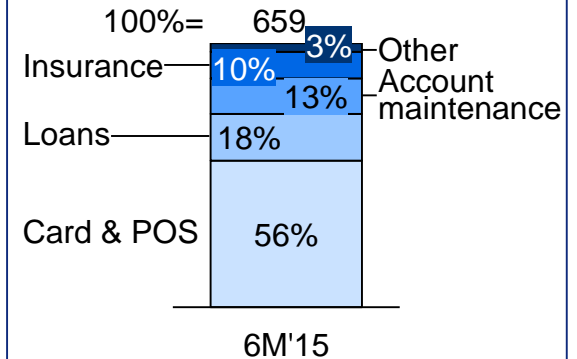


Q2'14 Q3'14 Q4'14 Q1'15 Q2'15

## Fees at 27% of operating income

### Fees & Commissions Breakdown

TRY, mn

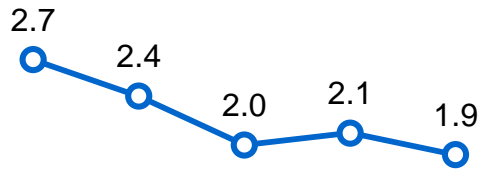


(1) Excludes the TRY 75mn effect of accounting methodology change for CPI-linked bonds. If included, Q3'14 NIM would be 6.1%

# Cost of risk improved further in Q2'15

## CoR improved in Q2'15

Cost of Risk  
%



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

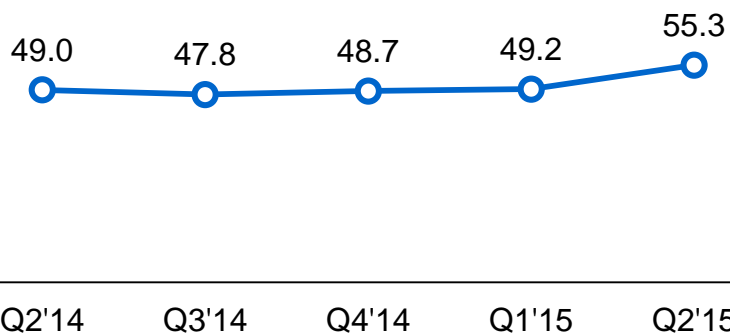
Cost of risk improvement is a natural result of loan book shift towards business banking

	Loan Composition					SCoR	General
	% of total loans					Q2'15, %	Prov. Rates %
Credit cards	18	16	15	14	14	4.2	4.0
General purpose loans	16	16	16	16	16	3.5	4.0
Mortgage	14	12	12	11	10	0.1	1.0
SME	31	35	35	36	35	1.6	0.5
Corporate & Commercial	20	21	22	23	25	0.7	1.0
	Q2'14	Q3'14	Q4'14	Q1'15	Q2'15		

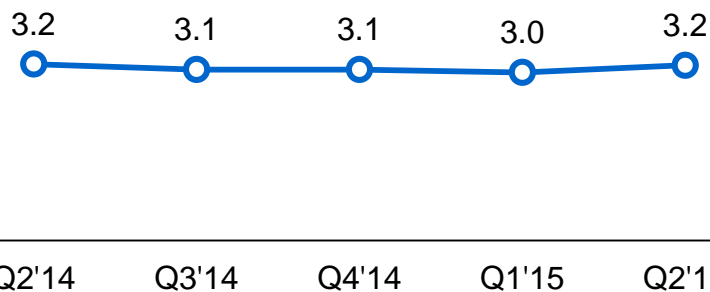
# Best in class cost management limits YoY OpEx increase

Salary increases and bonus payments were recorded in Q2'15, Cost / Income ratio increased as a result

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

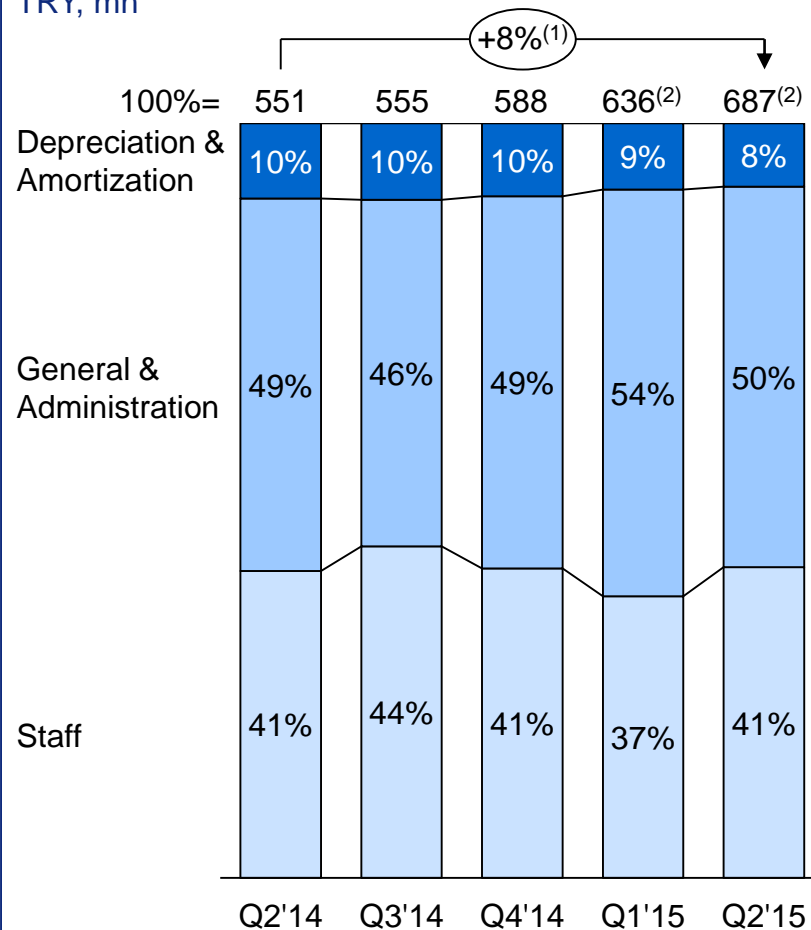


**OpEx / Assets<sup>(1)</sup>**  
%



YoY OpEx increase is in-line with inflation

**OpEx**  
TRY, mn



(1) Excluding commission refunds

(2) Including commission refunds of TRY 43 million in Q1'15 and TRY 40 million in Q2'15

## Key financial ratios

	All figures quarterly	Q2'14	Q3'14	Q4'14	Q1'15	Q2'15	ΔQoQ	ΔYoY
<b>Profitability</b>	RoAE	10.8%	12.0%	13.7%	13.1%	10.0%	-3.1%	-0.8%
	RoAA	1.2%	1.4%	1.5%	1.5%	1.1%	-0.4%	-0.1%
	Cost / Income	49.0%	47.8%	48.7%	50.9%	56.8%	5.9%	7.8%
	NIM	4.9%	5.6%	5.9%	5.6%	5.9%	0.3%	1.0%
<b>Liquidity</b>	Loans / Deposits	122%	121%	124%	125%	128%	3%	6%
	Loans / (Dep. + TRY Bonds)	116%	115%	117%	119%	123%	4%	8%
<b>Asset Quality</b>	NPL Ratio	5.4%	5.5%	5.2%	5.5%	5.7%	0.2%	0.3%
	Coverage	80%	81%	79%	77%	78%	1%	-1%
	Cost of Risk	2.7%	2.4%	2.0%	2.1%	1.9%	-0.2%	-0.8%
<b>Solvency</b>	CAR	16.8%	16.3%	17.0%	16.0%	15.8%	-0.2%	-1.0%
	Tier I Ratio	12.8%	12.4%	13.0%	12.5%	12.3%	-0.2%	-0.5%
	Leverage	8.6	9.0	8.8	9.2	9.2	0.0	0.6

# Key strategies in 2015 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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Solid Financial Performance

**Appendix**

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



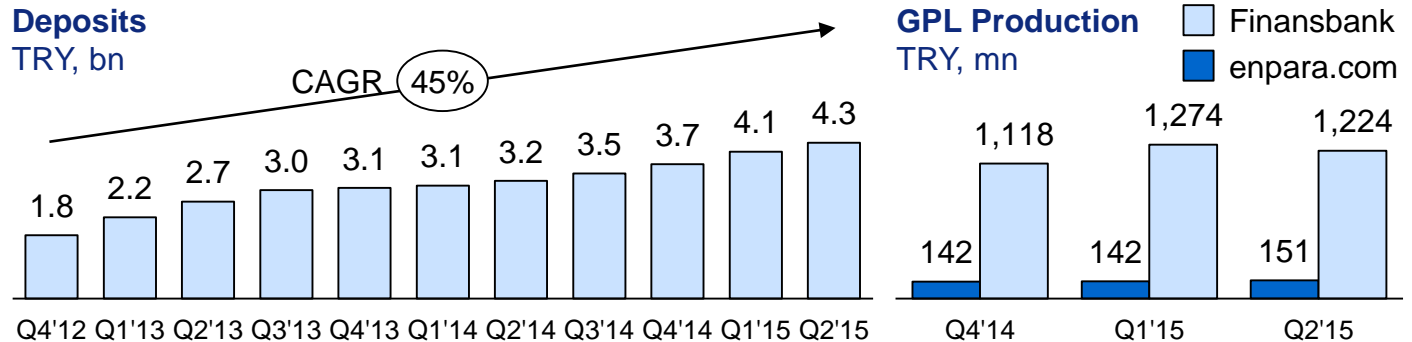
## Enpara.com – the first fully digital bank in Turkey

- 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: 78% of deposits gathered from outside Finansbank, 71% 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:
  - Prior to launch of enpara.com in Q3'12, low-ticket size deposits – less than TRY 500k – made up 54% of total deposit base in Finansbank
  - As of Q4'14 this ratio increased to 61% with the impact of enpara.com
- 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 Q1'15 equal to those of 74<sup>(1)</sup> and 81<sup>(2)</sup> physical branches respectively



(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	6M'15
Net interest income	2,877	3,163	3,088	1,814
Net fees and commissions income	1,029	1,032	1,334	659
Other income <sup>(1)</sup>	25	118	130	(11)
<b>Total income</b>	<b>3,931</b>	<b>4,313</b>	<b>4,551</b>	<b>2,461</b>
Provisions	(965)	(1,081)	(1,076)	(529)
Operating expenses	(1,796)	(2,294)	(2,334)	(1,323)
<b>Total expenses</b>	<b>(2,762)</b>	<b>(3,375)</b>	<b>(3,409)</b>	<b>(1,852)</b>
<b>Profit before tax</b>	<b>1,170</b>	<b>938</b>	<b>1,142</b>	<b>609</b>
Tax	(266)	(203)	(265)	(104)
<b>Net profit</b>	<b>904</b>	<b>734</b>	<b>877</b>	<b>504</b>

Balance Sheet				
TRY, mn	2012	2013	2014	6M'15
Cash & Banks <sup>(2)</sup>	7,224	8,515	9,108	9,720
Securities	7,310	8,731	9,165	9,199
Net Loans	36,793	42,910	50,344	54,603
Fixed Assets	1,288	1,344	2,380	2,259
Other Assets	1,786	4,510	4,209	6,673
<b>Total Assets</b>	<b>54,402</b>	<b>66,010</b>	<b>75,206</b>	<b>82,454</b>
Customer Deposits	31,874	36,980	40,652	42,743
Borrowings	11,021	14,301	17,964	19,358
Bonds Issued	4,078	3,955	5,373	5,134
Funds Borrowed	2,539	3,351	4,898	5,854
Sub-debt	1,630	1,951	2,122	2,459
Bank Deposit	1,048	1,341	1,423	1,450
Repo	1,727	3,703	4,147	4,461
Other	4,181	7,080	8,017	11,391
Equity	7,325	7,648	8,574	8,961

(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	6M'15
Net interest income	2,999	3,269	3,205	1,879
Net fees and commissions income	1,115	1,087	1,397	697
Other income <sup>(1)</sup>	186	105	134	-28
<b>Total income</b>	<b>43</b>	<b>4,461</b>	<b>4,736</b>	<b>2,548</b>
Provisions <sup>(2)</sup>	-978	-1,103	-1,100	-552
Operating expenses	-1,914	-2,383	-2,444	-1,384
<b>Total expenses</b>	<b>-2,892</b>	<b>-3,486</b>	<b>-3,544</b>	<b>-1,936</b>
<b>Profit before tax</b>	<b>1,408</b>	<b>974</b>	<b>1,191</b>	<b>612</b>
Tax	-290	-216	-276	-110
<b>Net profit</b>	<b>1,118</b>	<b>758</b>	<b>916</b>	<b>496</b>

Balance Sheet				
TRY, mn	2012	2013	2014	6M'15
Cash & Banks <sup>(2)</sup>	7,320	8,688	9,209	9,824
Securities	7,298	8,779	9,209	9,246
Net Loans	36,790	42,856	50,181	54,404
Fixed Assets	841	943	1,897	1,921
Other Assets	3,186	6,399	6,339	9,076
<b>Total Assets</b>	<b>55,436</b>	<b>67,666</b>	<b>76,835</b>	<b>84,471</b>
Customer Deposits	31,657	36,766	40,473	42,460
Borrowings	12,084	15,848	19,439	21,199
Bonds Issued	4,078	3,955	5,825	5,685
Funds Borrowed	3,540	4,821	5,853	7,061
Sub-debt	1,630	1,951	2,122	2,459
Bank Deposit	1,048	1,341	1,423	1,450
Repo	1,789	3,780	4,216	4,544
Other	4,245	7,189	8,126	11,515
Equity	7,449	7,863	8,798	9,296

(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	Aug-15	TRY	310.88	0.25
TRY Bond	Oct-15	TRY	81.00	0.43
TRY Bond	Jul-15	TRY	97.70	0.25
TRY Bond	Jul-15	TRY	53.29	0.28
TRY Bond	Jul-15	TRY	114.76	0.25
TRY Bond	Sep-15	TRY	257.80	0.43
TRY Bond	Oct-15	TRY	71.14	0.43
TRY Bond	Jul-15	TRY	5.20	0.48
TRY Bond	Sep-15	TRY	203.61	1.00
TRY Bond	Oct-15	TRY	138.46	1.00
TRY Bond	Nov-15	TRY	243.68	0.93
TRY Bond	Sep-15	TRY	150.00	0.25
TRY Bond	Oct-15	TRY	93.74	0.41
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	Jul-15	USD	40.00	1.00
Eurobond	Dec-15	USD	10.00	1.00
Eurobond	Aug-15	USD	18.60	0.49
Eurobond	Oct-16	USD	15.00	1.00
Eurobond	Oct-15	USD	50.00	1.00
EIB	Dec-15	EUR	21.54	7.00
EIB	Dec-15	EUR	19.86	6.85
EIB	May-16	EUR	29.96	7.00
EIB	Oct-17	EUR	28.63	7.01
Securitisation	Nov-24	EUR	50.00	11.91
Securitisation	Nov-17	EUR	10.00	4.91
Syndication	Nov-15	EUR	356.00	1.00
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 from NBG in 2008	Oct-20	USD	325.00	11.07
Subordinated Debt from NBG in 2009	Oct-21	USD	200.00	12.01
Subordinated Debt from NBG in 2009	Dec-21	USD	125.00	12.01
Subordinated Debt from NBG in 2011	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
Securitisation	Nov-17	USD	75.00	4.91
Syndication	Nov-25	USD	397.00	11.01

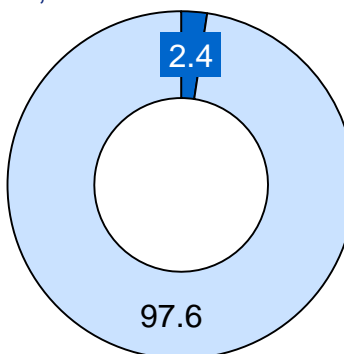
# Contribution of subsidiaries

## Ownership

 Leasing	<ul style="list-style-type: none"> <li>• Finansbank: 51%</li> <li>• NBG: 30%</li> <li>• FinansInvest: 18%</li> <li>• Free Float: 1%</li> </ul>
 Life insurance and pension	<ul style="list-style-type: none"> <li>• Cigna: 51%</li> <li>• Finansbank: 49%</li> </ul>
 Factoring	<ul style="list-style-type: none"> <li>• Finansbank: 100%</li> </ul>
 Capital markets and investment banking	<ul style="list-style-type: none"> <li>• Finansbank: 100%</li> </ul>
 Asset management	<ul style="list-style-type: none"> <li>• FinansInvest: 100%</li> </ul>
 E-invoice service provider	<ul style="list-style-type: none"> <li>• Finansbank: 51%</li> <li>• Cybersoft: 49%</li> </ul>

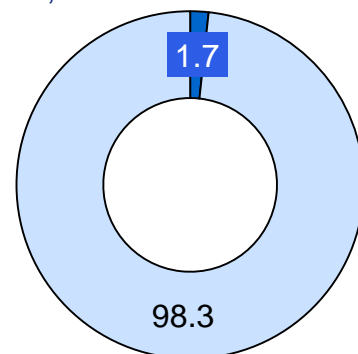
Share in Total Assets

%, H1'2015



Share in Net Income

%, H1'2015



■ Subsidiaries  
 □ Finansbank

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