

Finansbank Q1'15 Corporate Presentation

Agenda

Turkish Banking Landscape & Finansbank

Loan-based Balance Sheet Delivering High Quality Earnings

Solid Financial Performance

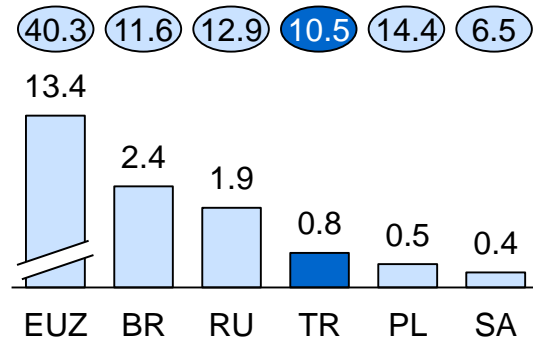
Appendix

Structurally attractive Turkish economy underpinning a dynamic banking sector

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

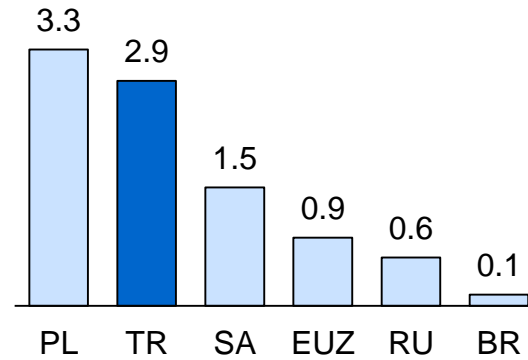
Large economy with low GDP / capita...

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



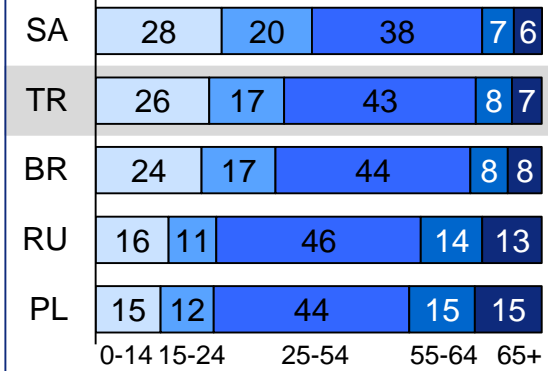
...high real GDP growth...

GDP Growth, Constant Prices
2014, %



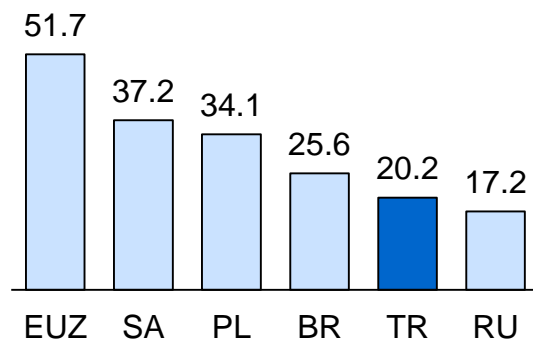
...and highly attractive demographic profile

Population by Age Groups
%



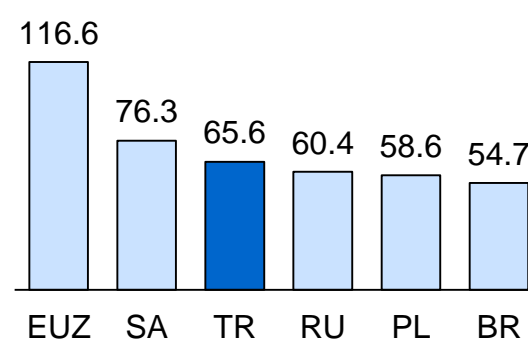
Underlevered population...

Household debt / GDP
2014, %



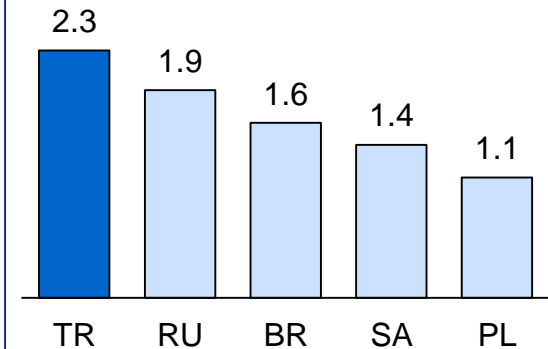
...with further penetration potential...

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 – 5th largest privately owned universal bank

Q1'15

Financial Highlights – Bank Only		Distribution Highlights		Market Positioning ⁽²⁾	
Total Assets TRY, bn	80.5	Active Customers mn	5.2	Total Assets	5 th
Net Loans TRY, bn	52.4	Credit Cards mn	5.0	Net Loans	5 th
Customer Deposits TRY, bn	42.0	Debit Cards mn	4.8	General Purpose Loans⁽³⁾	5 th
 Deposits TRY, bn	4.1	Branches #	658	Mortgages	6 th
Shareholder's Equity TRY, bn	8.7	Employees #	12,836	Credit Cards	5 th
Net Income TRY, mn	283	ATMs #	2,953	Commercial Installment Loans	4 th
RoAA %	1.5	POS k	229	Total Deposits	6 th
RoAE %	13.1			Branches	6 th
CAR %	16.0				

Source: The Banks Association of Turkey

(1) Percent of active customers who logged in to mobile and/or internet at least once during last 3 months

(2) As of 2014, excludes state banks. Including Garanti, Akbank, Yapı Kredi, İşbank, Denizbank, ING, HSBC and TEB

(3) 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&P</th> </tr> </thead> <tbody> <tr> <td>Foreign Currency Long-term</td> <td>Caa3</td> <td>CCC</td> <td>CCC+</td> </tr> <tr> <td>Foreign Currency Short-term</td> <td>NP</td> <td>C</td> <td>C</td> </tr> </tbody> </table>				Moody's	Fitch	S&P	Foreign Currency Long-term	Caa3	CCC	CCC+	Foreign Currency Short-term	NP	C
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Foreign Currency Short-term	NP	C	C																										
Corporate Information	<ul style="list-style-type: none"> • Focused on traditional banking activities, complemented by ancillary services (investment banking, brokerage, leasing, factoring, asset management) • Important partnerships in insurance with leading international institutions (Sompo Japan in basic insurance and Cigna in life insurance and private pensions) 			<ul style="list-style-type: none"> • 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 • 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 																									

Agenda

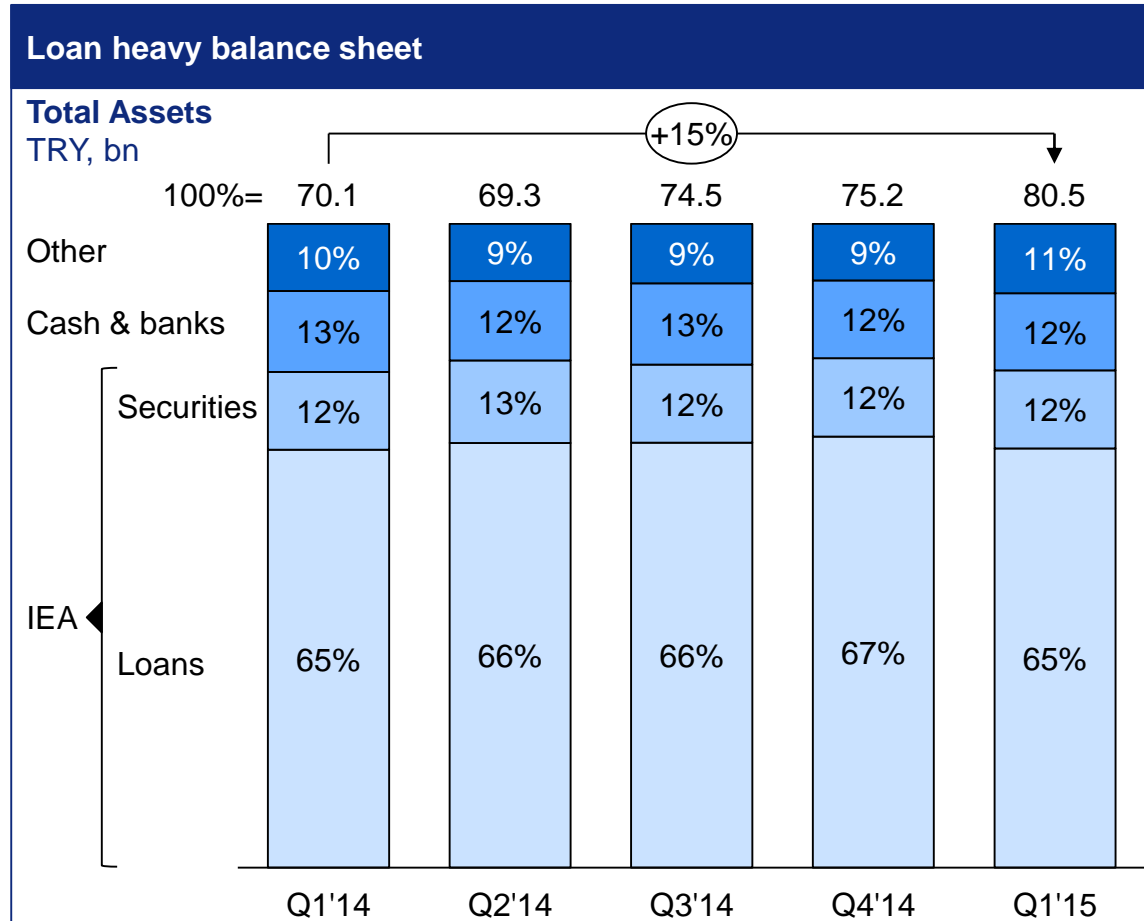
Turkish Banking Landscape & Finansbank

Loan-based Balance Sheet Delivering High Quality Earnings

Solid Financial Performance

Appendix

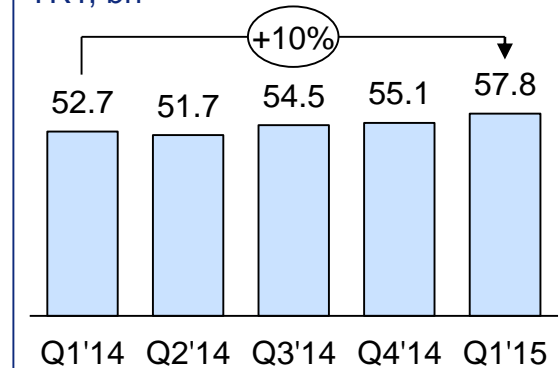
Asset size exceeded TRY 80 billion in Q1'15 with 15% YoY growth



TRY assets grew by 10% YoY

TRY Assets

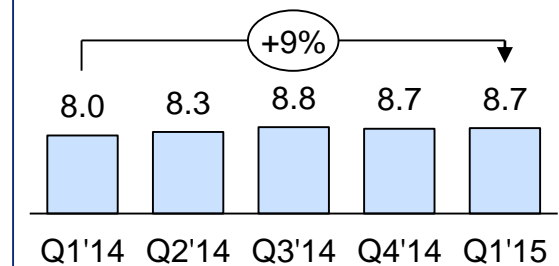
TRY, bn



FX assets grew by 9% YoY

FX Assets

USD, bn

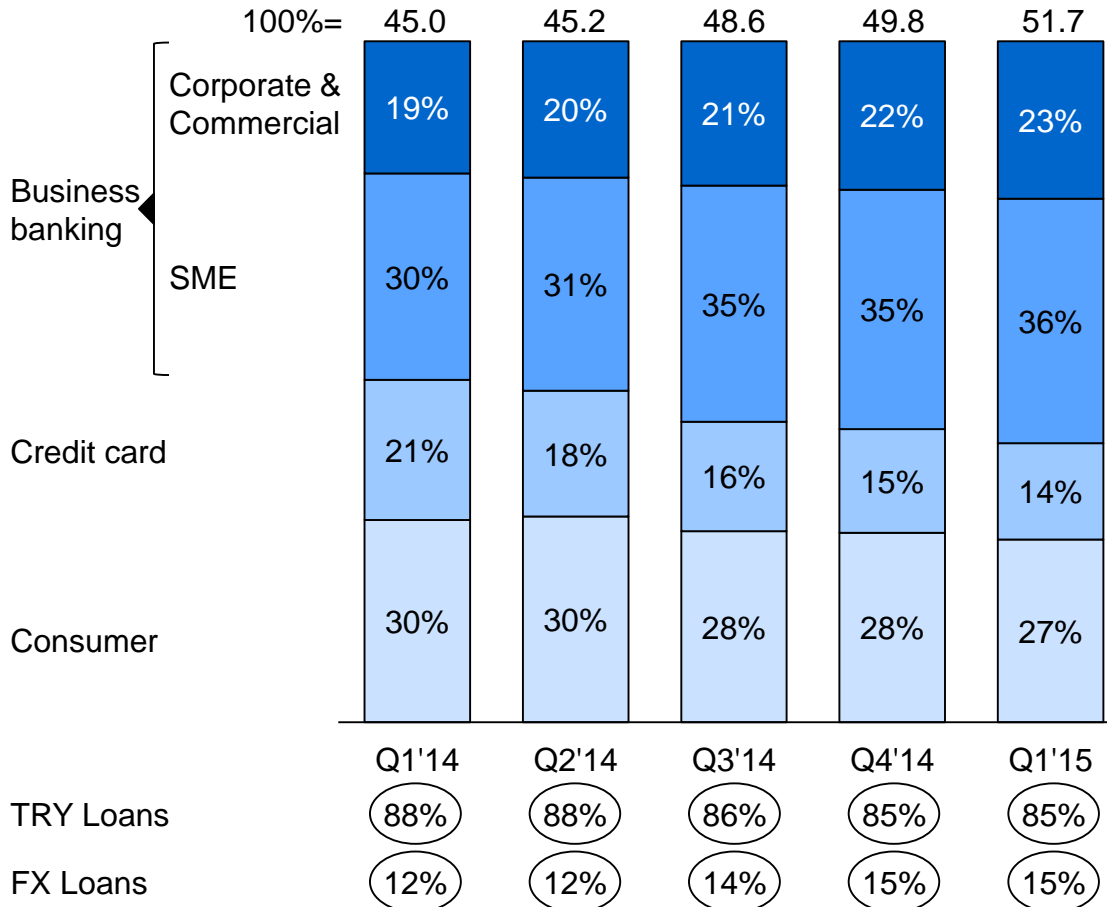


Sustainable and successful execution of the growth strategy...

Loan book continued to shift towards business banking

Performing Loans by Segment and Currency

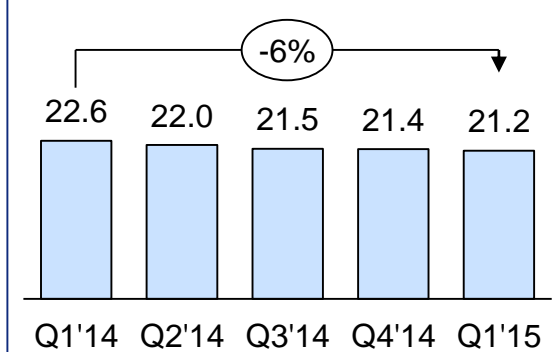
TRY, bn



Retail loans remained almost flat QoQ

Retail Loans

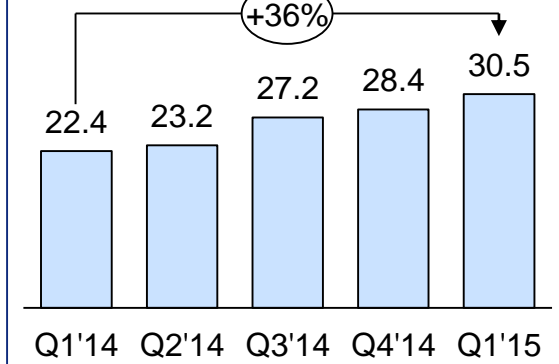
TRY, bn



Business loans grew by 8% in the last quarter

Business Loans

TRY, bn

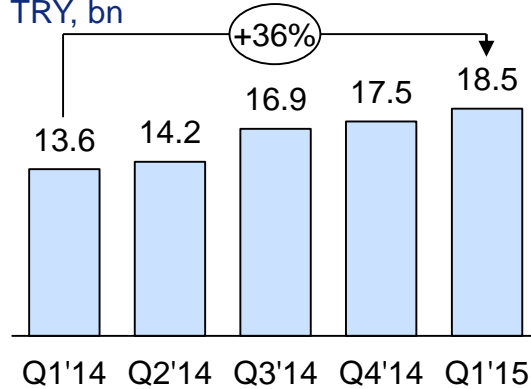


...focused on business banking loans and selective retail banking segments

■ Business banking
■ Retail banking

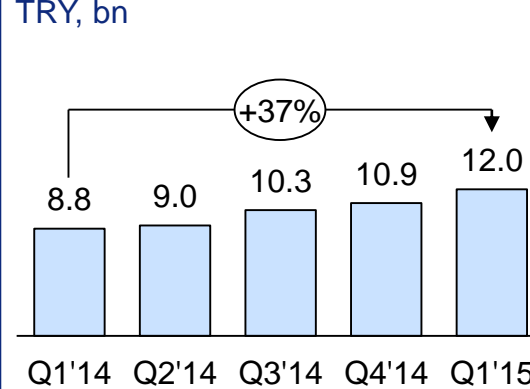
Robust growth in SME loans continued...

SME Loans
TRY, bn



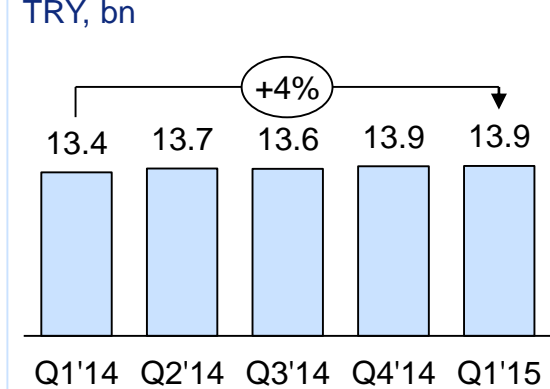
...as well as in corporate & commercial loans

Corporate & Commercial Loans
TRY, bn



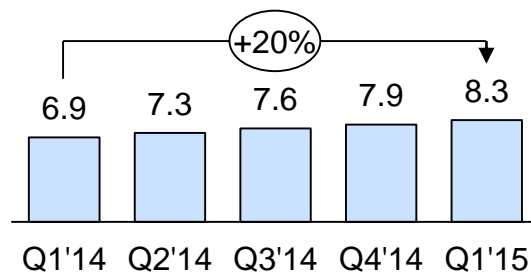
Consumer loans are flat on QoQ basis

Consumer Loans⁽¹⁾
TRY, bn



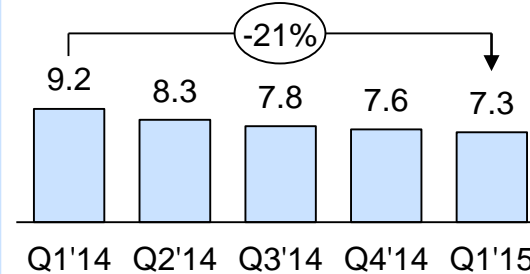
Continued focus on GPL

General Purpose Loans⁽²⁾
TRY, bn



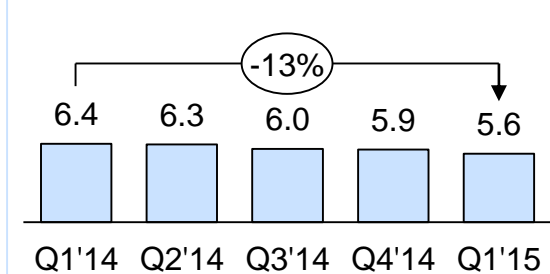
Downward trend continues in credit card loans...

Credit Card Loans
TRY, bn



...and mortgages

Mortgage Loans
TRY, bn



(1) Including GPL and mortgage loans

(2) Including overdraft

Comfortable asset quality with high coverage ratios

NPL ratio is well under control

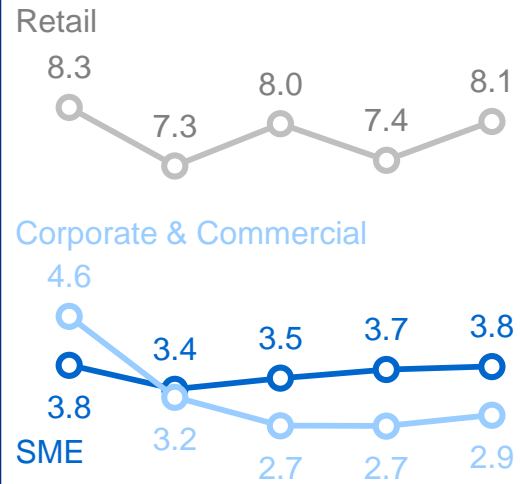
NPL Ratio
%



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

Segmental NPLs are within historical boundaries

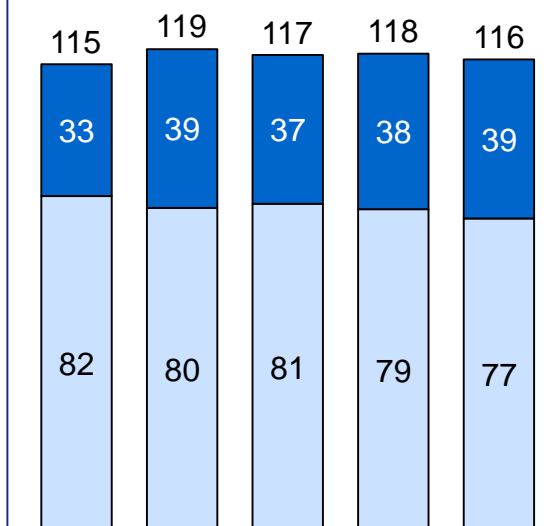
NPL Ratio by Segments
%



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

NPLs are well covered through general and specific provisions

NPL Coverage⁽²⁾
%



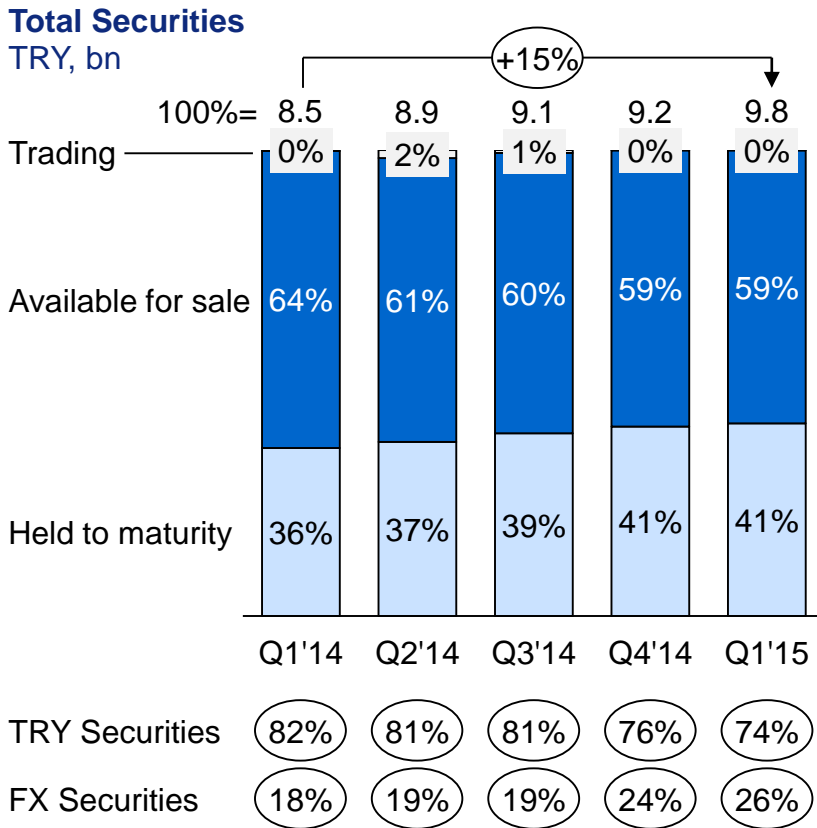
Q1'14 Q2'14 Q3'14 Q4'14 Q1'15

(1) After NPL sales during the periods

(2) General provisions include watch-list provisions

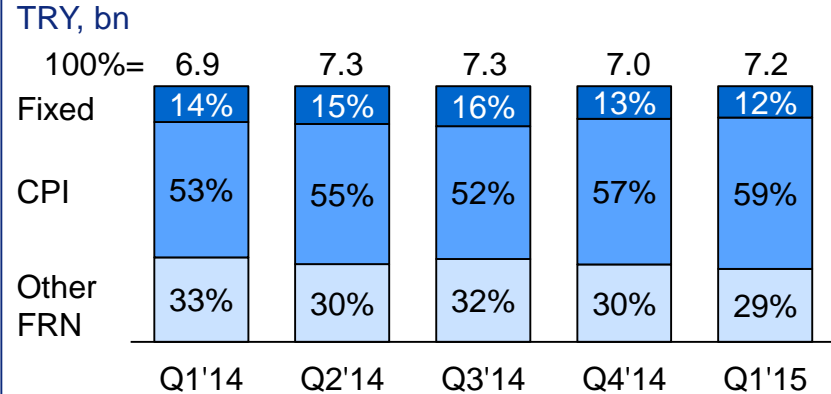
Securities remained at 12% of assets

Security portfolio reached close to TRY 10 billion



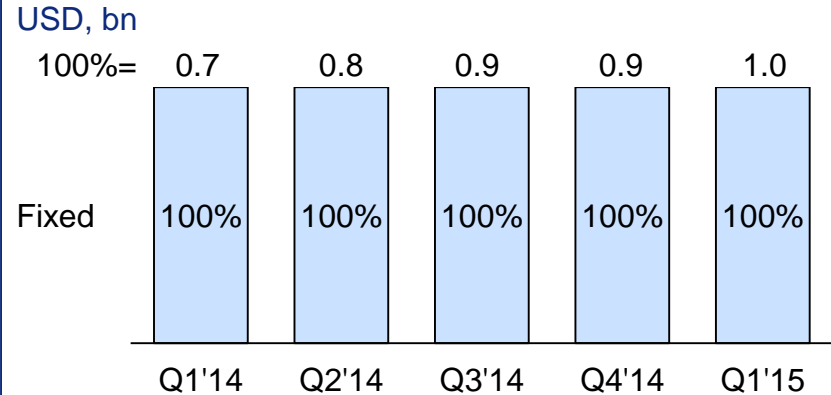
88% of TRY securities are indexed / variable rate

TRY Securities



FX securities are also growing in USD terms

FX Securities

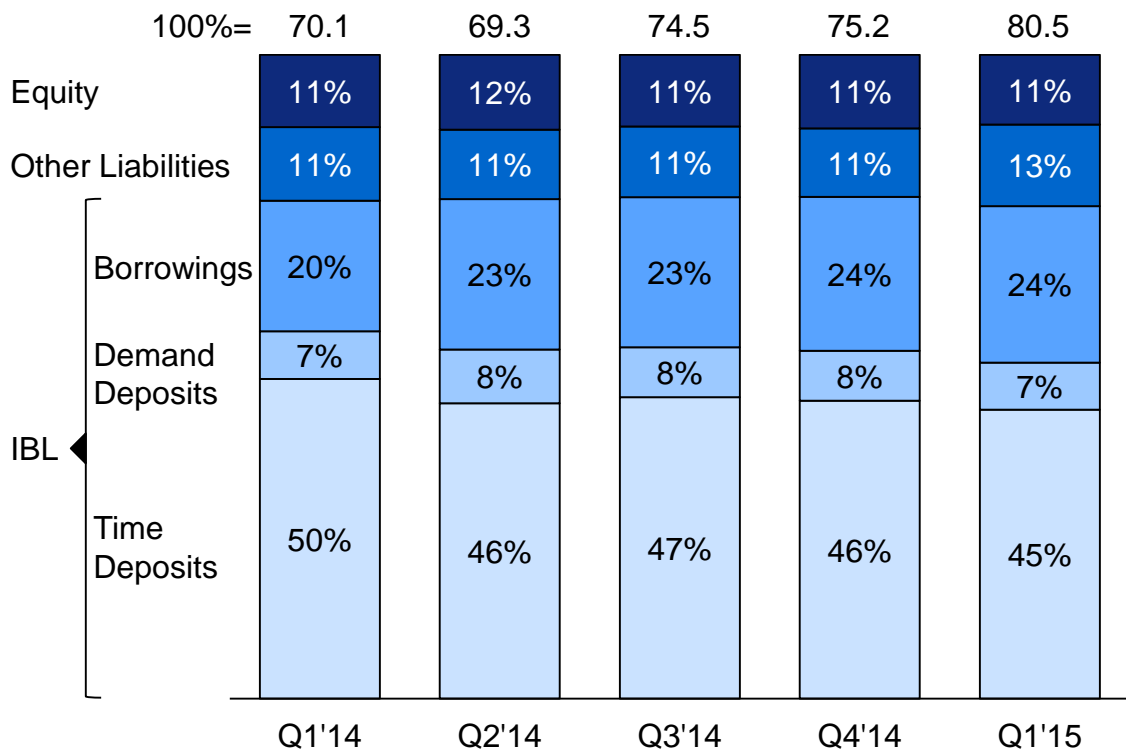


Well-diversified funding structure underpinned by solid deposit base

Increasing diversification of funding sources

Total Liabilities

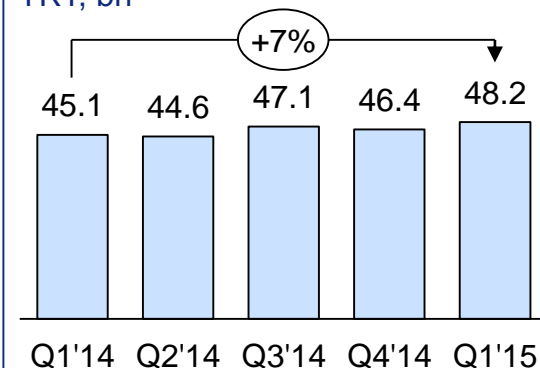
TRY, bn



TRY liabilities grew by 7% YoY

TRY Liabilities

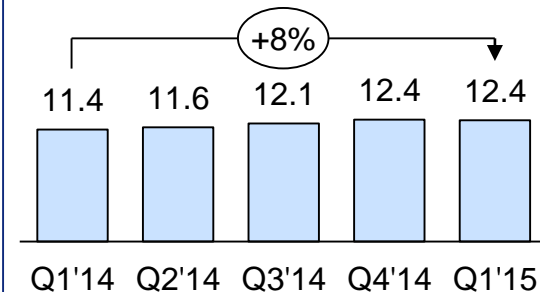
TRY, bn



FX liabilities grew by 8% YoY

FX Liabilities

USD, bn

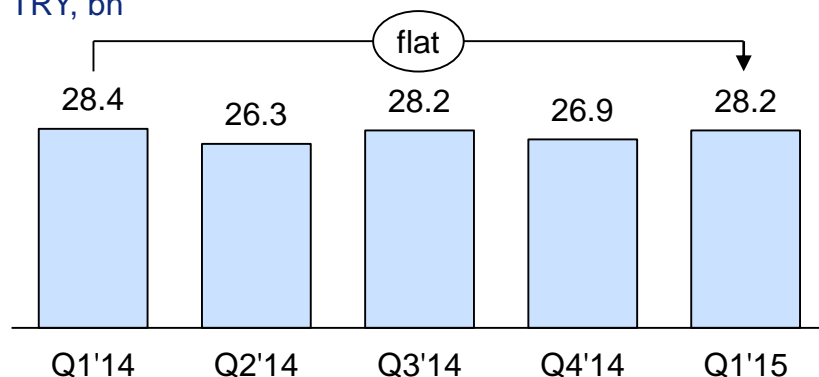


Deposits make up 68% of IBL

5% increase in TRY customer deposits on QoQ basis

TRY Deposits

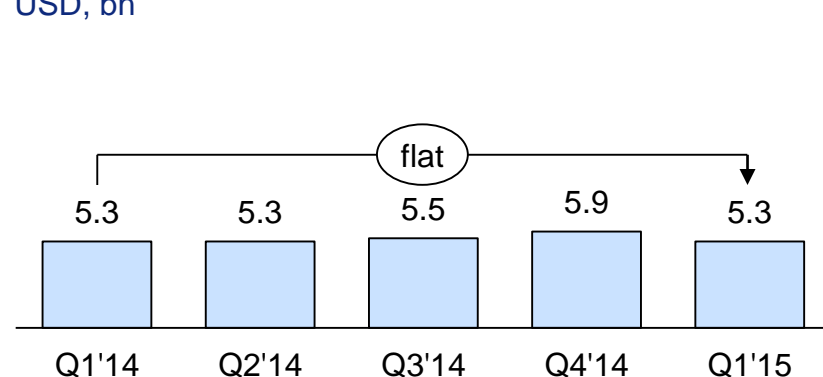
TRY, bn



FX deposits are flat on YoY basis

FX Deposits

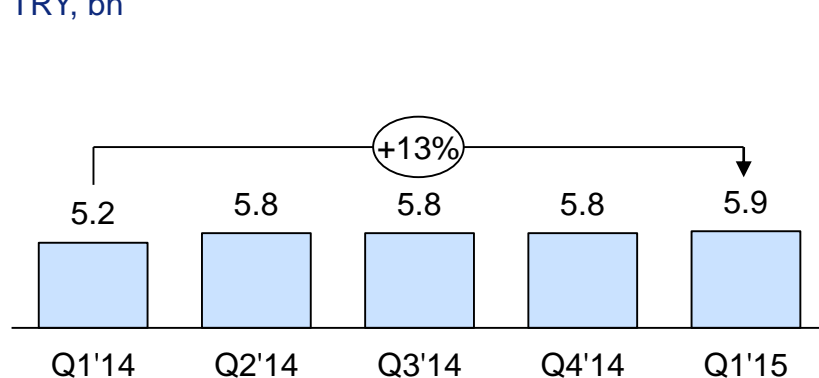
USD, bn



Demand deposits are 14% of total deposits

Demand Deposits

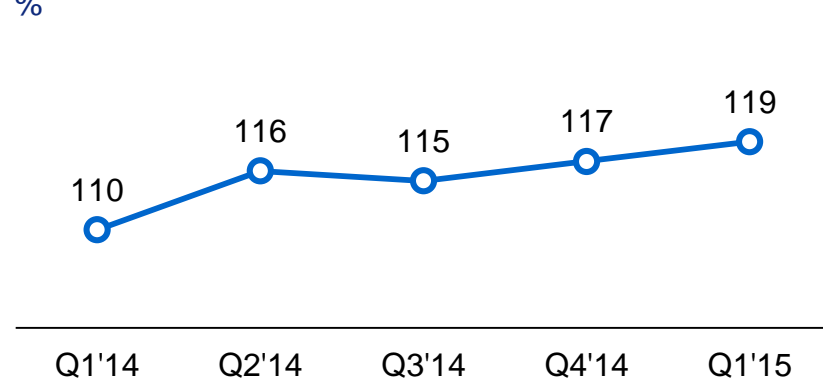
TRY, bn



Loan-to-deposit ratio increased to 119% in Q1'15

Loan-to-deposit ratio⁽¹⁾

%

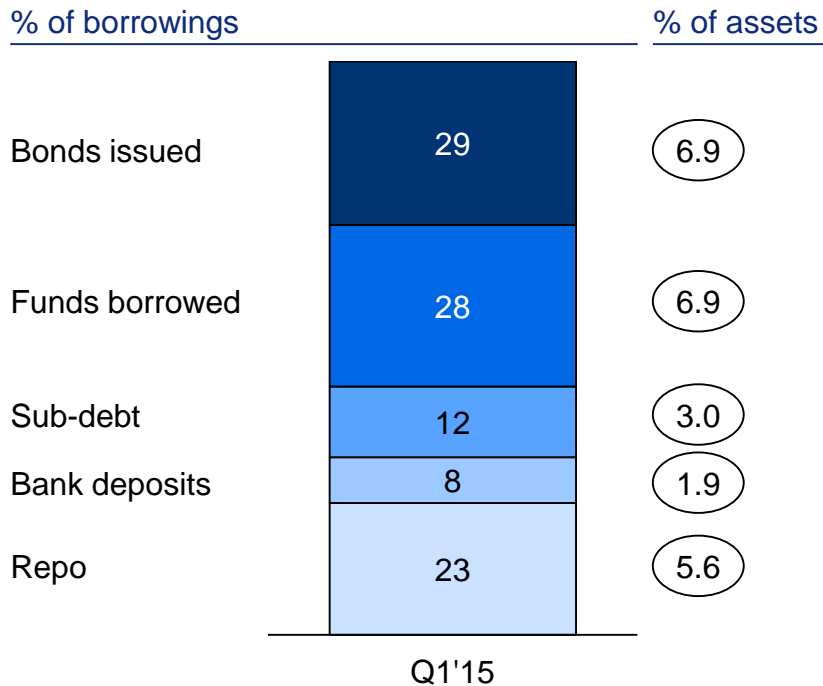


(1) Including TRY bonds

Disciplined use of non-deposit funding with strong capital base

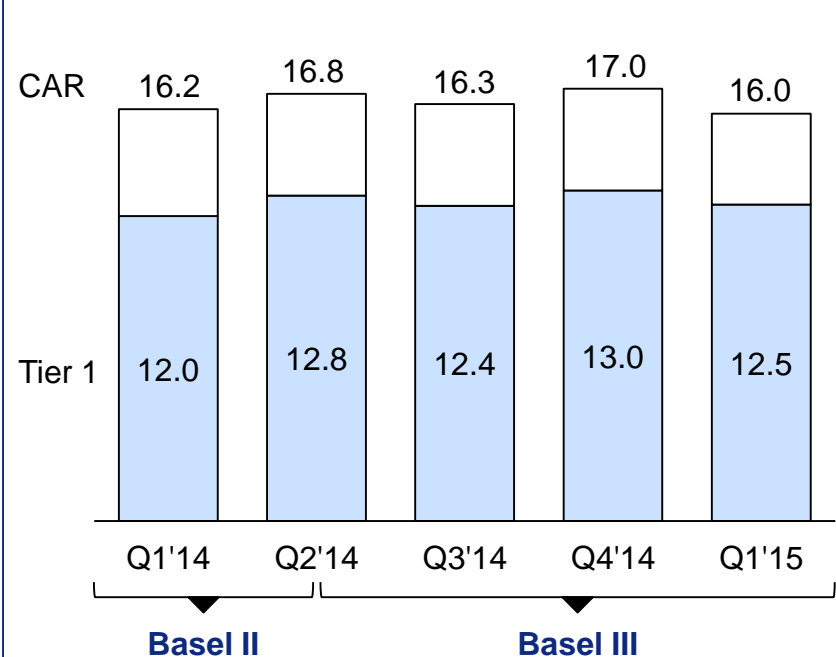
Low reliance on institutional borrowings and repo funding

Borrowings by Type



Best in class CAR and Tier 1 ratio maintained despite amortization of sub-loan in Q1'15

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 11.0 bn as of Q1'15
- TRY installment **loan book hedge ratio** is at 62% as of Q1'15 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 (10.2% 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

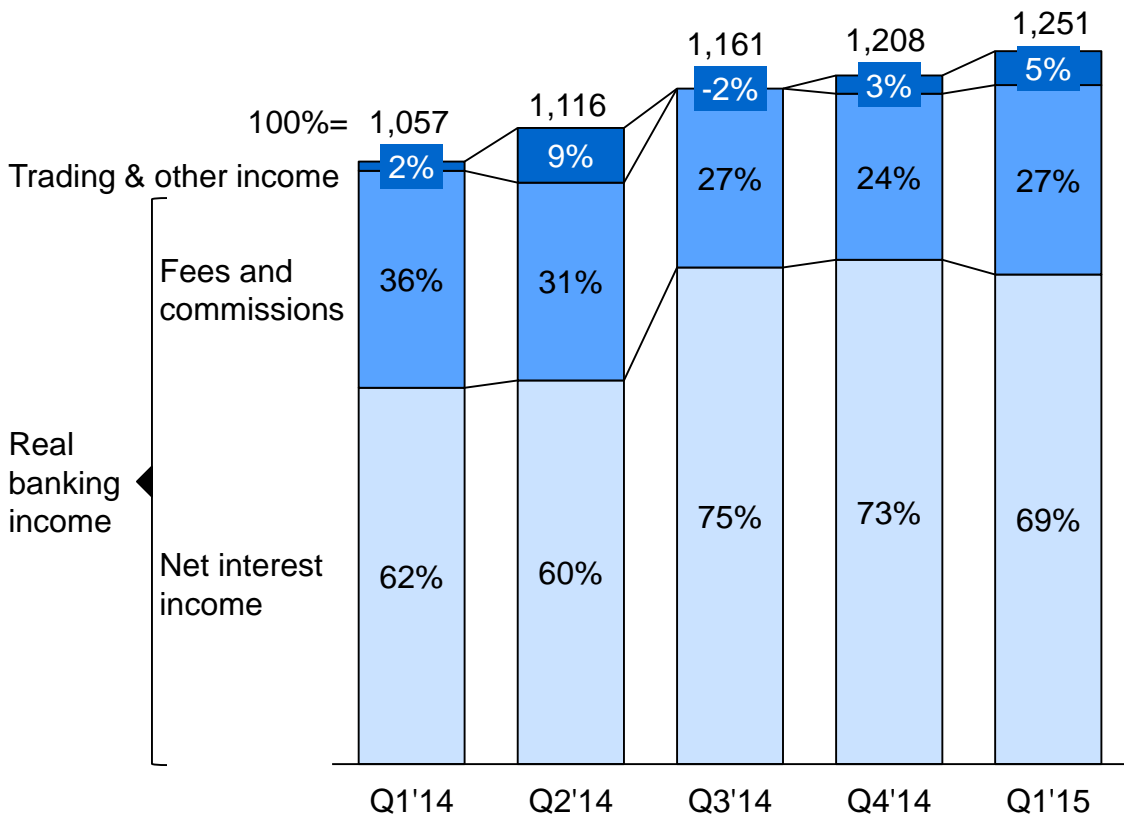
Solid Financial Performance

Appendix

Focus on real banking income generation

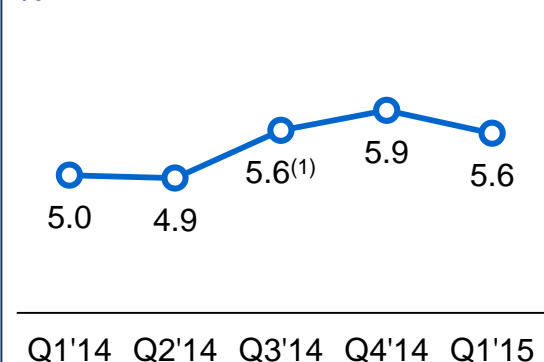
95% of total operating income derives from core banking activities in Q1'15

Total Operating Income
TRY, mn



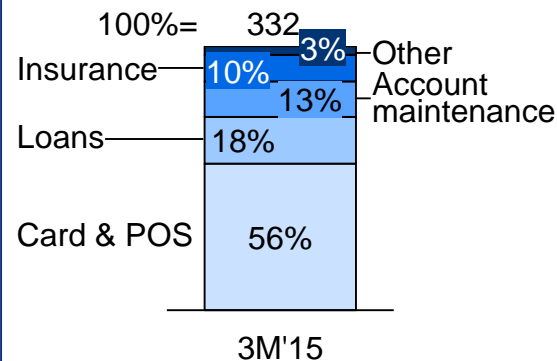
NIM at comfortable level despite decline in securities yield in Q1'15

Quarterly NIM
%



Fees at 27% of operating income

Fees & Commissions Breakdown
TRY, mn

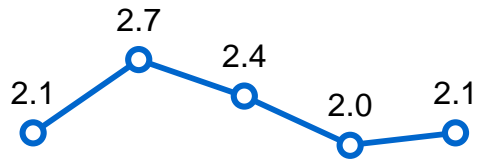


(1) Excludes the TRY 75mn effect of accounting methodology change for CPI-linked bonds. If included, Q3'14 NIM would be 6.1%

Cost of risk is flat on YoY basis

CoR is flat on YoY basis

Cost of Risk
%



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

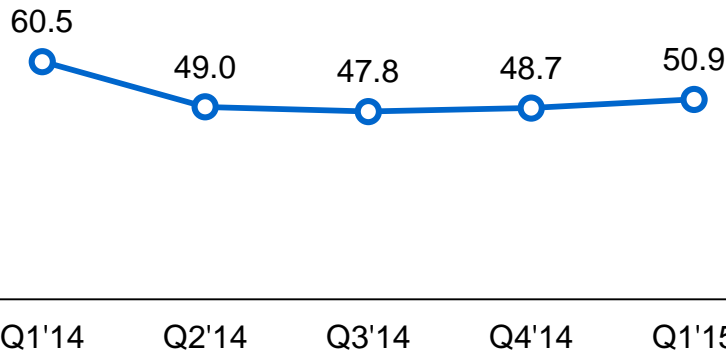
Cost of risk improvement is a natural result of loan book shift towards business banking

	Loan Composition					SCoR	General
	% of total loans					Q1'15, %	Prov. Rates %
Credit cards	21	18	16	15	14	4.3	4.0
General purpose loans	15	16	16	16	16	3.7	4.0
Mortgage	14	14	12	12	11	0.5	1.0
SME	30	31	35	35	36	1.7	0.5
Corporate & Commercial	20	20	21	22	23	1.1	1.0
	Q1'14	Q2'14	Q3'14	Q4'14	Q1'15		

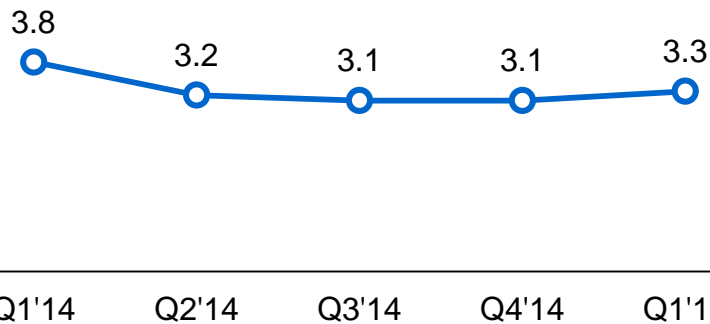
High operating efficiency thanks to stringent cost management

Significant YoY improvement in operating efficiency

OpEx / Income
%

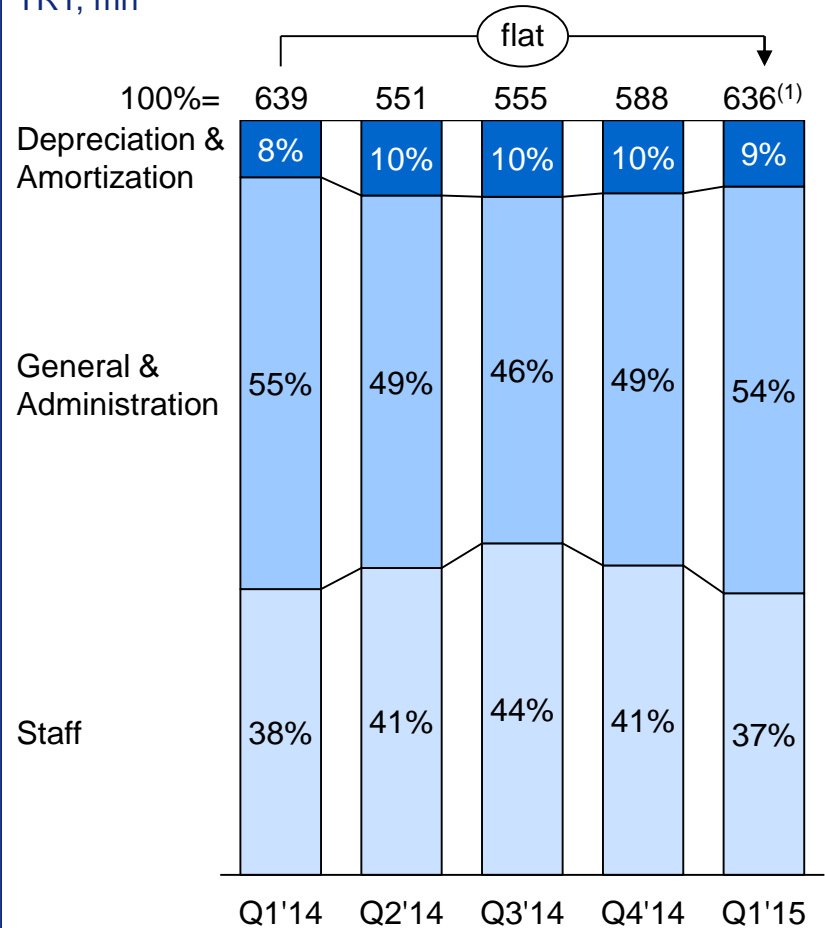


OpEx / Assets
%



OpEx is flat on YoY basis

OpEx
TRY, mn



(1) Including commission refunds of TRY 43 million

Key financial ratios

	All figures quarterly	Q1'14	Q2'14	Q3'14	Q4'14	Q1'15	ΔQoQ	ΔYoY
Profitability	RoAE	6.7%	10.8%	12.0%	13.7%	13.1%	-0.6%	6.4%
	RoAA	0.8%	1.2%	1.4%	1.5%	1.5%	-0.1%	0.7%
	Cost / Income	60.5%	49.0%	47.8%	48.7%	50.9%	2.2%	-9.6%
	NIM	5.0%	4.9%	5.6%	5.9%	5.6%	-0.3%	0.6%
Liquidity	Loans / Deposits	114%	122%	121%	124%	125%	1%	11%
	Loans / (Dep. + TRY Bonds)	110%	116%	115%	117%	119%	2%	9%
Asset Quality	NPL Ratio	6.5%	5.4%	5.5%	5.2%	5.5%	0.3%	-1.0%
	Coverage	83%	80%	81%	79%	77%	-2%	-6%
	Cost of Risk	2.1%	2.7%	2.4%	2.0%	2.1%	0.1%	0%
Solvency	CAR	16.2%	16.8%	16.3%	17.0%	16.0%	-0.9%	-0.2%
	Tier I Ratio	12.0%	12.8%	12.4%	13.0%	12.5%	-0.5%	0.5%
	Leverage	8.9	8.6	9.0	8.8	9.2	0.5	0.3

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



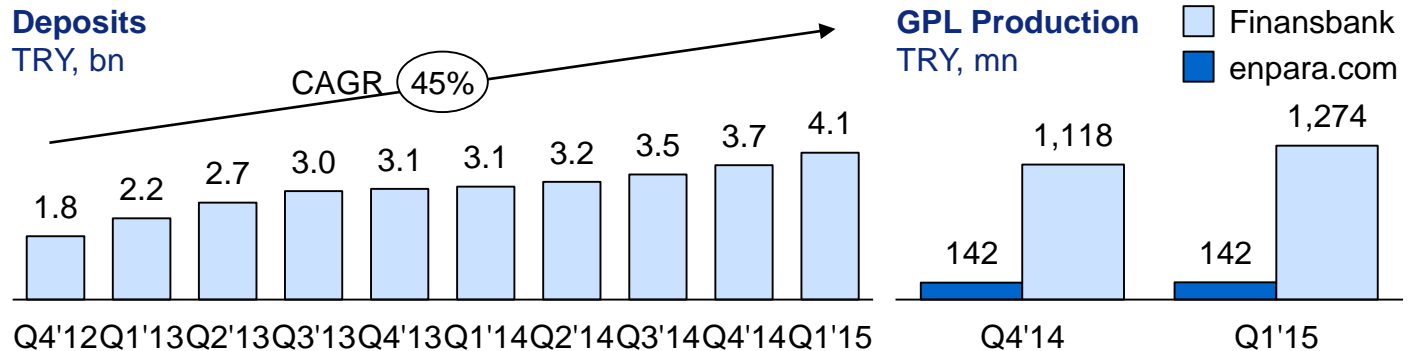
Enpara.com – the first fully digital bank in Turkey

- 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 71⁽¹⁾ and 73⁽²⁾ 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	3M'14	3M'15
Net interest income	2,877	3,163	3,088	660	859
Net fees and commission income	1,029	1,032	1,334	381	332
Other income ⁽¹⁾	25	118	130	16	60
Total income	3,931	4,313	4,551	1057	1250
Provisions	(965)	(1,081)	(1,076)	(227)	(272)
Operating expenses	(1,796)	(2,294)	(2,334)	(639)	(636)
Total expenses	(2,762)	(3,375)	(3,409)	(866)	(908)
Profit before tax	1,170	938	1,142	191	342
Tax	(266)	(203)	(265)	(62)	(59)
Net profit	904	734	877	129	283

Balance Sheet					
TRY, mn	2012	2013	2014	3M'14	3M'15
Cash & Banks ⁽²⁾	7,224	8,515	9,108	8,839	9,668
Securities	7,310	8,731	9,165	8,456	9,759
Net Loans	36,793	42,910	50,344	45,514	52,412
Fixed Assets	1,288	1,344	2,380	2,318	2,232
Other Assets	1,786	4,510	4,209	4,974	6,423
Total Assets	54,402	66,010	75,206	70,101	80,494
Customer Deposits	31,874	36,980	40,652	40,022	42,009
Borrowings	11,021	14,301	17,964	14,193	19,581
Bonds Issued	4,078	3,955	5,373	3,266	5,583
Funds Borrowed	2,539	3,351	4,898	4,107	5,519
Sub-debt	1,630	1,951	2,122	2,025	2,417
Bank Deposit	1,048	1,341	1,423	1,603	1,561
Repo	1,727	3,703	4,147	3,191	4,501
Other	4,181	7,080	8,017	8,035	10,190
Equity	7,325	7,648	8,574	7,851	8,714

(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	3M'14	3M'15
Net interest income	2,999	3,269	3,205	688	890
Net fees and commissions income	1,115	1,087	1,397	392	350
Other income ⁽¹⁾	186	105	134	18	40
Total income	43	4,461	4,736	1,098	1,279
Provisions ⁽²⁾	-978	-1,103	-1,100	-230	-281
Operating expenses	-1,914	-2,383	-2,444	-664	-665
Total expenses	-2,892	-3,486	-3,544	-893	-946
Profit before tax	1,408	974	1,191	205	333
Tax	-290	-216	-276	-65	-62
Net profit	1,118	758	916	140	271
Group's profit / (loss)	1,102	746	901	137	265
Non-controlling interest	16	12	15	3	6

Balance Sheet					
TRY, mn	2012	2013	2014	3M'14	3M'15
Cash & Banks ⁽²⁾	7,320	8,688	9,209	9,194	9,725
Securities	7,298	8,779	9,209	8,517	9,819
Net Loans	36,790	42,856	50,181	45,487	52,295
Fixed Assets	841	943	1,897	1,910	1,897
Other Assets	3,186	6,399	6,339	6,806	8,580
Total Assets	55,436	67,666	76,835	71,914	82,317
Customer Deposits	31,657	36,766	40,473	39,881	41,840
Borrowings	12,084	15,848	19,439	15,844	21,120
Bonds Issued	4,078	3,955	5,825	3,728	6,021
Funds Borrowed	3,540	4,821	5,853	5,251	6,558
Sub-debt	1,630	1,951	2,122	2,025	2,417
Bank Deposit	1,048	1,341	1,423	1,603	1,561
Repo	1,789	3,780	4,216	3,237	4,563
Other	4,245	7,189	8,126	8,138	10,327
Equity	7,449	7,863	8,798	8,050	9,031

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

(2) Represents provision for loan or other receivable losses







(3) Represents money market securities

Borrowings and Issuances

Type of Borrowing	Maturity	Currency	Outstanding Principal (mn)	Tenor (Years)
TRY Bond	May-15	TRY	107.92	0.24
TRY Bond	May-15	TRY	150.00	0.25
TRY Bond	June-15	TRY	150.00	0.24
TRY Bond	June-15	TRY	70.57	0.22
TRY Bond	June-15	TRY	101.00	0.20
TRY Bond	July-15	TRY	97.70	0.25
TRY Bond	July-15	TRY	53.29	0.28
TRY Bond	July-15	TRY	114.76	0.25
TRY Bond	September-15	TRY	257.80	0.43
TRY Bond	October-15	TRY	71.14	0.43
TRY Bond	May-15	TRY	383.78	0.49
TRY Bond	June-15	TRY	47.10	0.49
TRY Bond	July-15	TRY	5.20	0.48
TRY Bond	September-15	TRY	203.61	1.00
TRY Bond	October-15	TRY	138.46	1.00
TRY Bond	November-15	TRY	243.68	0.93
Eurobond	May-16	USD	500.00	5.00
Eurobond	November-17	USD	350.00	5.00
Eurobond	April-19	USD	500.00	5.00
Eurobond	July-15	USD	40.00	1.00
Eurobond	December-15	USD	10.00	1.00
Eurobond	August-15	USD	18.60	0.49
Eurobond	January-16	USD	15.00	1.00
Eurobond	October-15	USD	50.00	1.00
Syndicated Term Loan USD Tranche	November-15	USD	397.00	1.00
Syndicated Term Loan EUR Tranche	November-15	EUR	356.00	1.00
DPR Securitisation	November-17	USD	75.00	5.00
DPR Securitisation	November-17	EUR	10.00	5.00
Subordinated Debt from NBG	October-20	USD	325.00	11.00
Subordinated Debt from NBG	October-21	USD	200.00	12.00
EIB	November-19	USD	12.97	7.00
EIB	December-15	EUR	21.54	7.00
EIB	October-17	EUR	28.60	7.00
EIB	December-15	EUR	19.86	6.00
EIB	May-16	EUR	29.96	7.00
Subordinated Debt from NBG	December-21	USD	125.00	12.00
Subordinated Debt from NBG	December-21	USD	260.00	10.00
DPR Securitisation	November-24	EUR	50.00	12.00
EIB	November-20	USD	13.43	7.00
EIB	March-21	USD	48.75	7.00
EIB	April-21	USD	26.85	7.00
EBRD	May-20	EUR	50.00	5.27
EFSE	December-19	EUR	25.00	5.01
PROPARCO	July-25	EUR	20.00	10.32

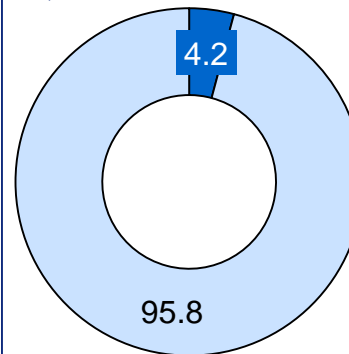
Contribution of subsidiaries

Ownership

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

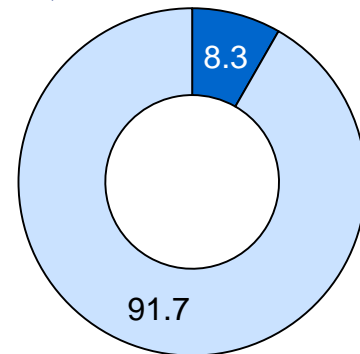
Share in Total Assets

%, 2014



Share in Net Income

%, 2014



■ Subsidiaries
 □ Finansbank

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