

# Finansbank Overview with 2013 Financial Results

Investor Relations  
March 2014

# Agenda

**NBG Group**

**Finansbank Overview**

**Financials**

**Macroeconomic Indicators**

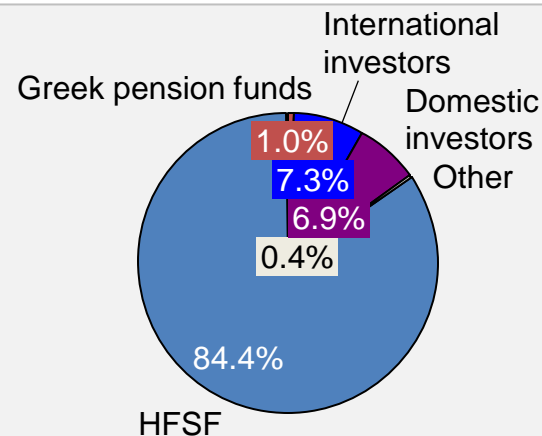
# The NBG Group

## Corporate information

- The National Bank, with dominant presence in the Greek banking market and strong profile in SE Europe and the 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 68 companies providing financial and other services, with a workforce of 37,831 employees.
- It has the widest distribution network of products and services than any other Greek bank abroad (1,227 units) and a domestic network of 540 branches and 1,529 ATMs (data as of 30.09.2013).

## Ratings and shareholder structure (30.09.2013)

	<b>Moody's</b>	<b>S&amp;P</b>	<b>Fitch</b>
• Long-term	Caa1	CCC	B-
• Short-term	NP	C	B
• Financial strength/ Viability	E		b-



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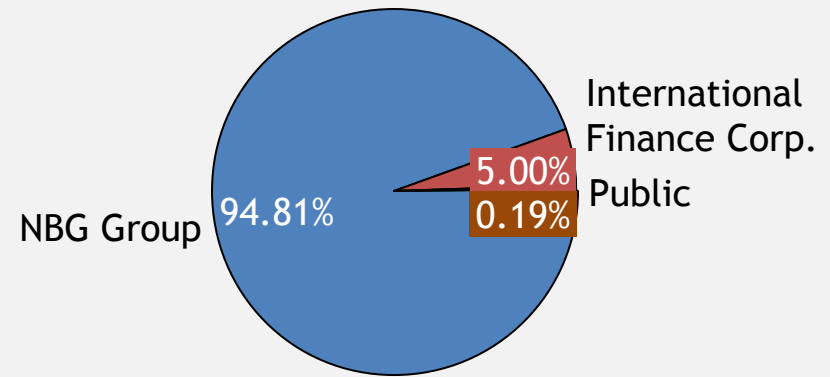
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# At a glance

## Ratings and shareholder structure

Foreign currency	Moody's	Fitch	CI
• Long-term	Ba2	BBB-	BB+
• Short-term	NP	F3	B



## Corporate information

- Turkey's 5<sup>th</sup> largest private bank with TL 66bn of assets\*
- Highest capital adequacy ratio among peer group private banks at 17%
- Tier 1 ratio is at 12.6%

(Million)	
Paid-in capital	TRY 2,700 (USD 1,266)
Shareholders' equity	TRY 7,648 (USD 3,584)

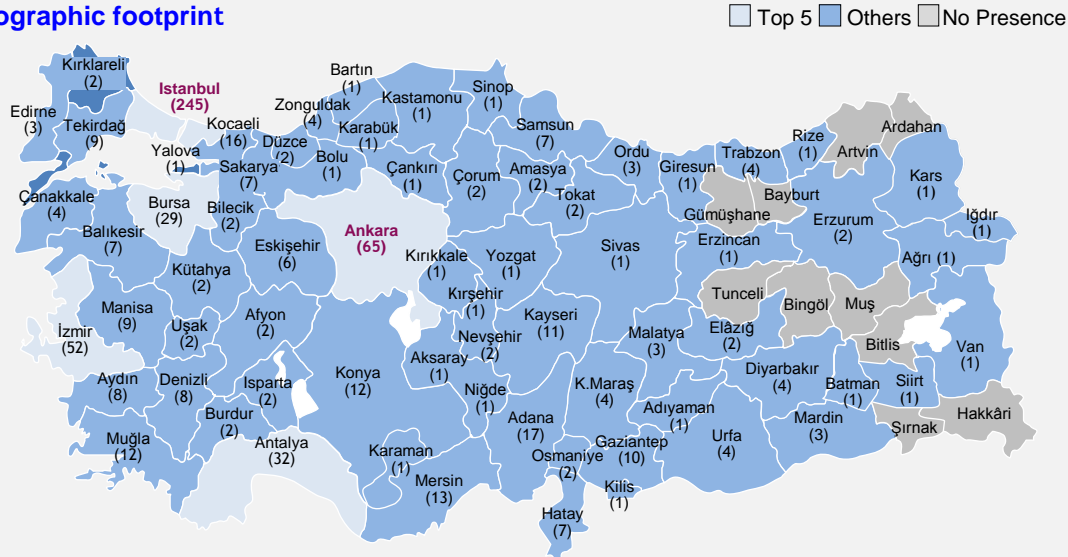
\* According to bank only financials

# Efficient branch network

- Comprehensive network covering 97% of GDP
- One of the youngest networks: 6.8 years average age
- High branch efficiency: TRY 34.2mn retail loans per branch

	2009	2010	2011	2012	2013
Corporate	8	4	4	4	4
Commercial	53	5	0	0	0
Retail	350	1	0	0	0
Private	0	0	0	0	12
Joint Branch	0	446	479	569	649
In-store	6	11	7	5	4
Collection points	41	32	29	0	0
Free Trade Zone	1	1	1	1	1
International	1	1	1	1	1
Mobile	1	1	1	1	1
Enpara	0	0	0	1	1
Wealth Banking	0	0	0	0	1
<b>Total</b>	<b>461</b>	<b>502</b>	<b>522</b>	<b>582</b>	<b>674</b>

## Geographic footprint



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# 2013 financial highlights

## B/S

- Total assets expanded by 21% and reached TRY 66 billion
- Net loans increased 17% to reach TRY 43bn, mainly due to the rapid growth in SME loans. Retail loans recorded a more controlled expansion in line with the new strategy.
- Securities increased 19%, constituting 13% of assets
- Customer deposits expanded by 16%, mainly as a result of the rapid increase in demand deposits
- Shareholders' equity came to TRY 7.6bn with a 5% increase

## P&L

- Net interest income adjusted for provisions rose 9%
- Net fees and commissions income stayed flat at TRY 1,032mn, indicating some normalization compared to last year's aggressive growth
- Operating expenses increased 28% mainly due to the addition of 92 new branches during the year
- Net income is recorded at TRY 734mn. YoY decrease in the bottomline is mainly owed to a one-off revenue resulting from the sale of Finans Pension in 2012 (TRY 166mn)



# Solid financial performance

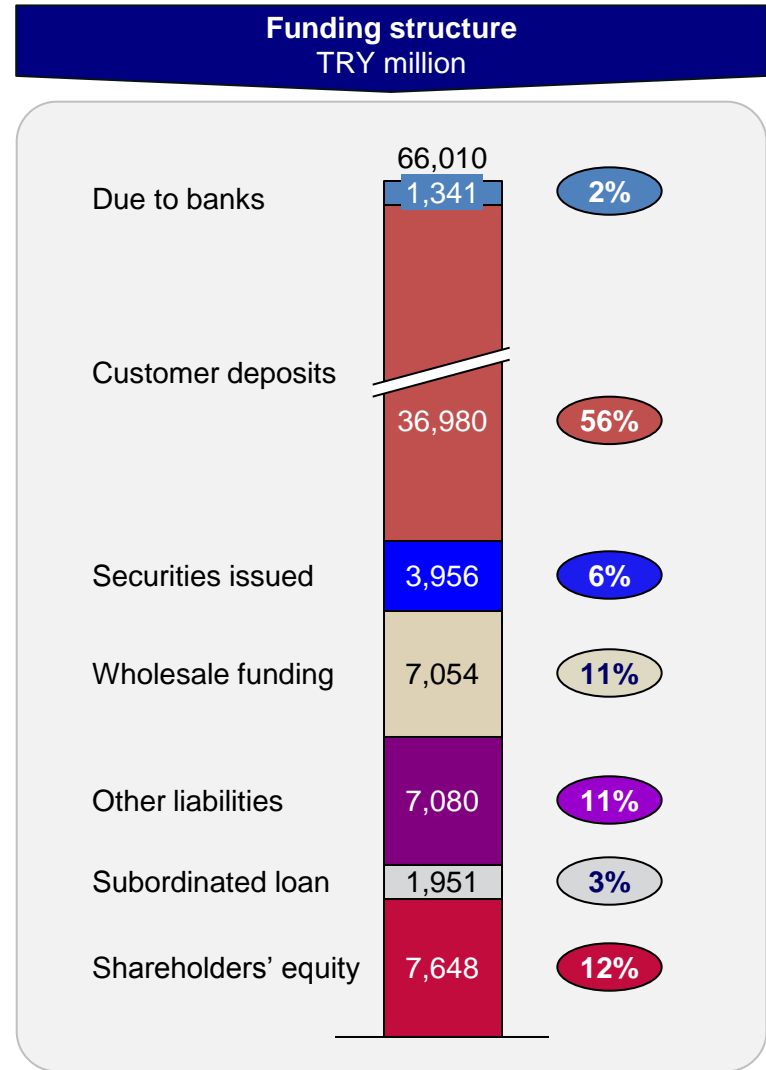
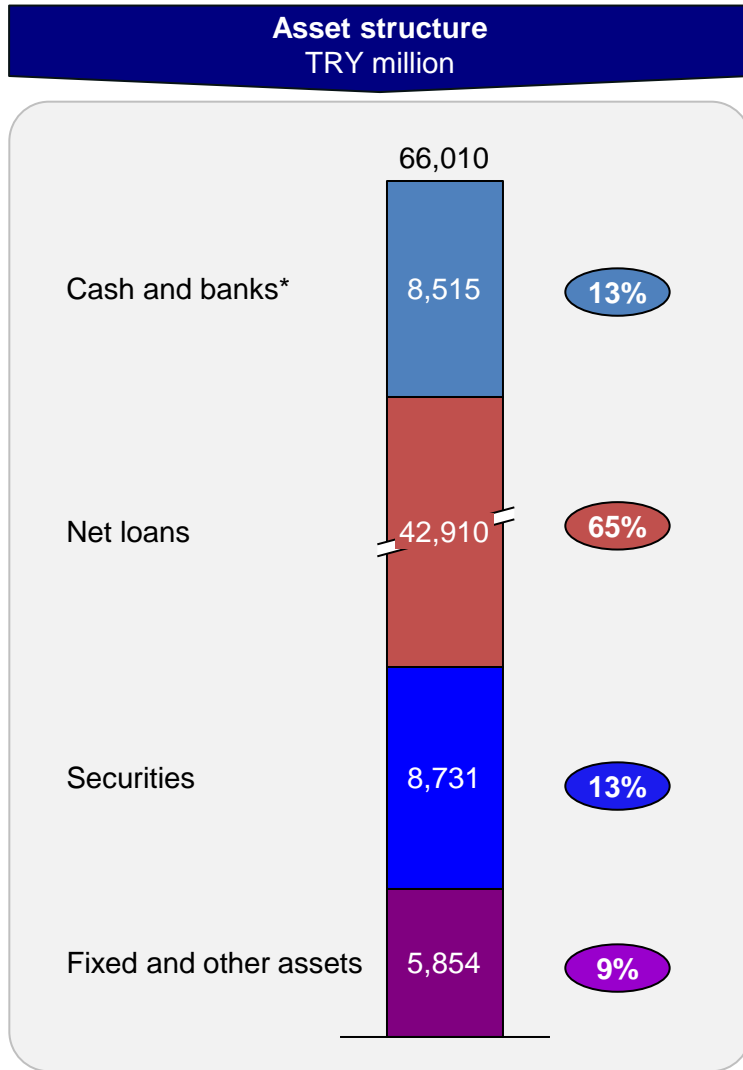
## B/S

	2012		2013	
	USD million	TRY million	USD million	TRY million
• Total assets	30,518	54,402	30,928	66,010
• Securities	4,101	7,310	4,091	8,731
• Loans, net	20,640	36,793	20,105	42,910
• Customer deposits	17,881	31,874	17,327	36,980
• Funds borrowed & issuances	4,626	8,247	4,337	9,257
• Shareholders' equity	4,109	7,325	3,584	7,648

## P&L

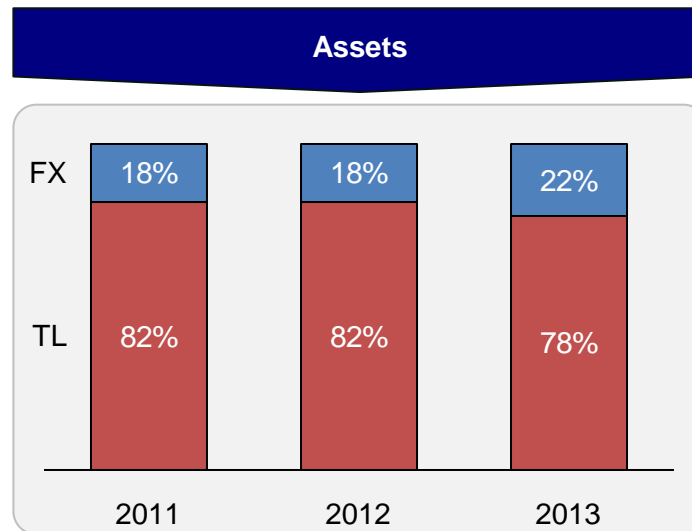
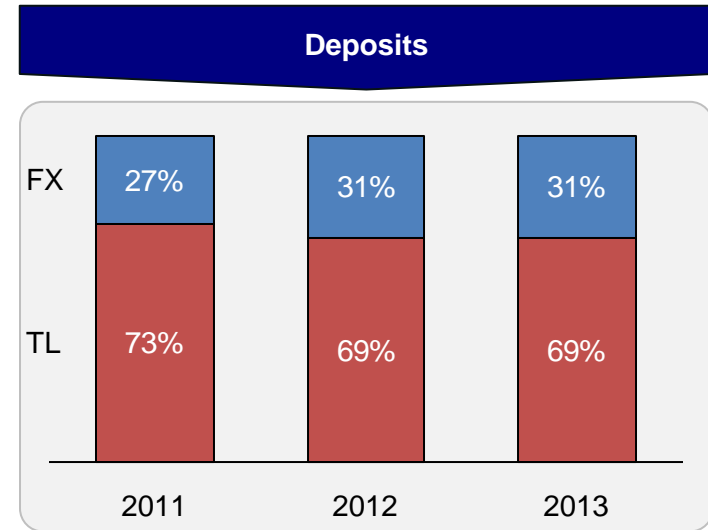
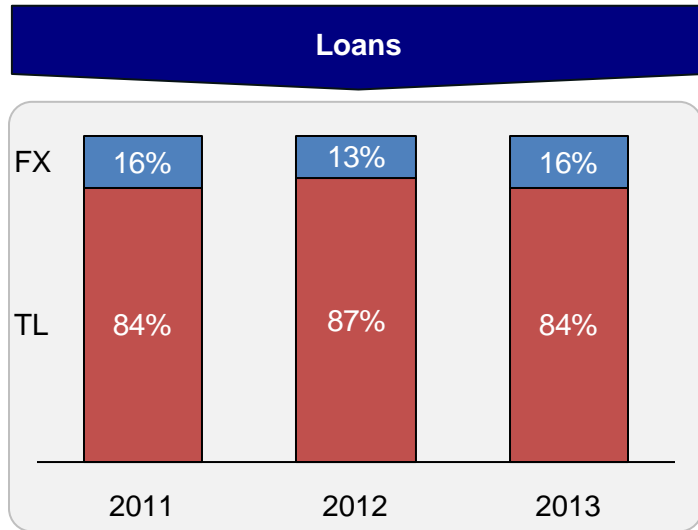
	2012		2013	
	USD million	TRY million	USD million	TRY million
• Net interest income	1,614	2,877	1,482	3,163
• Provisions	(542)	(965)	(506)	(1,081)
• Adjusted NII	1,072	1,912	976	2,082
• Net fees and commissions	577	1,029	483	1,032
• Opex	1,008	1,796	1,075	2,294
• Net Income	507	904	344	734

# Loan driven business model with diversified funding



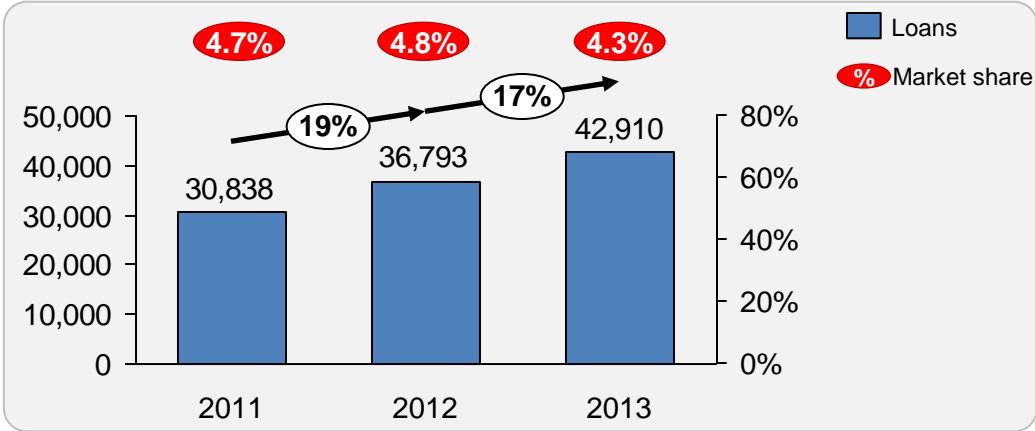
\* Including MMS

# TRY dominated balance sheet

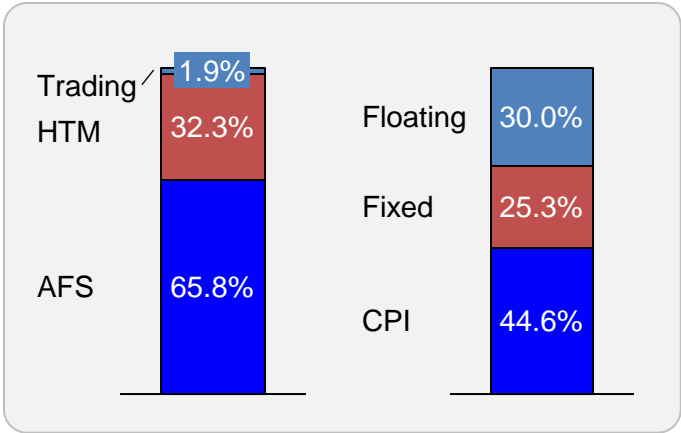


# Focus on real banking

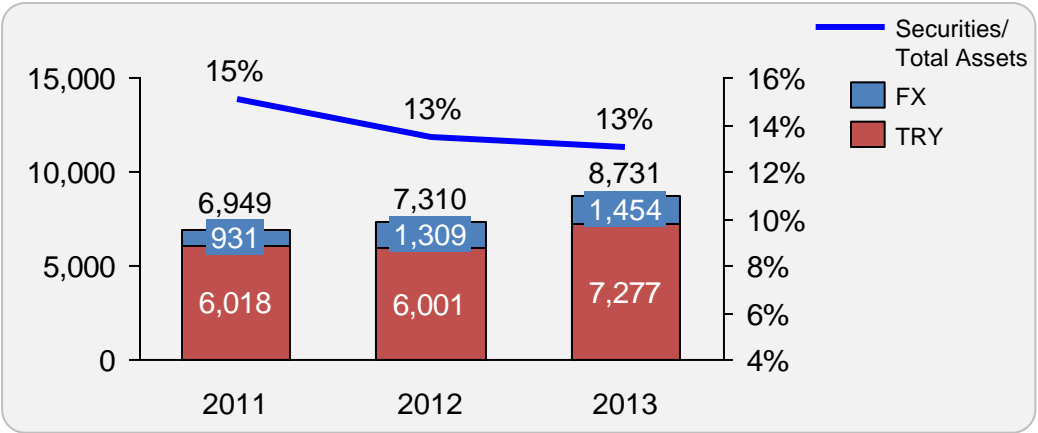
## Net loans (TRY million)



## Securities breakdown



## Securities/Assets (TRY million)



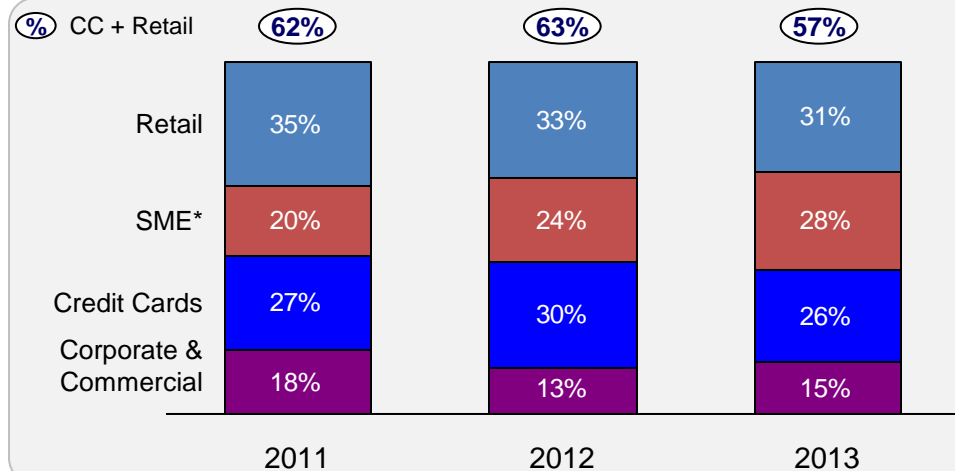
# Significant presence in high margin segments

## Business segmentation (By annual turnover)

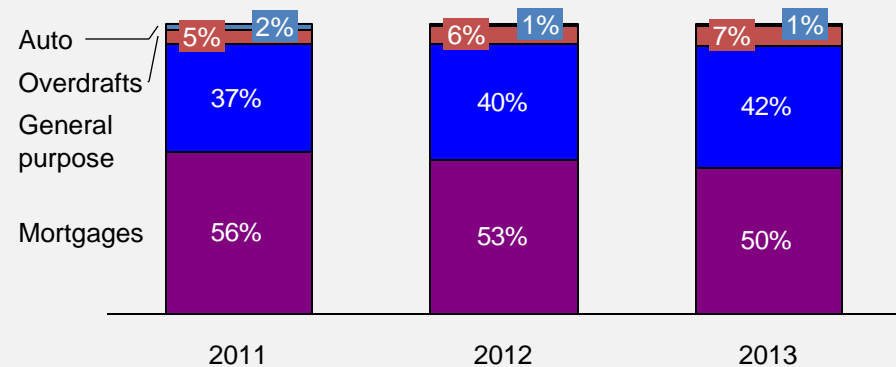
- Corporates  
> TRY 100mn
- Commercial companies  
TRY 20mn-100mn
- SME  
TRY 2mn-20mn
- Micro  
< TRY 2mn

- General purpose loans make up 42% of retail loans
- Mortgage loan growth slowing in line with the strategy of the Bank

## Loan breakdown



## Retail loans

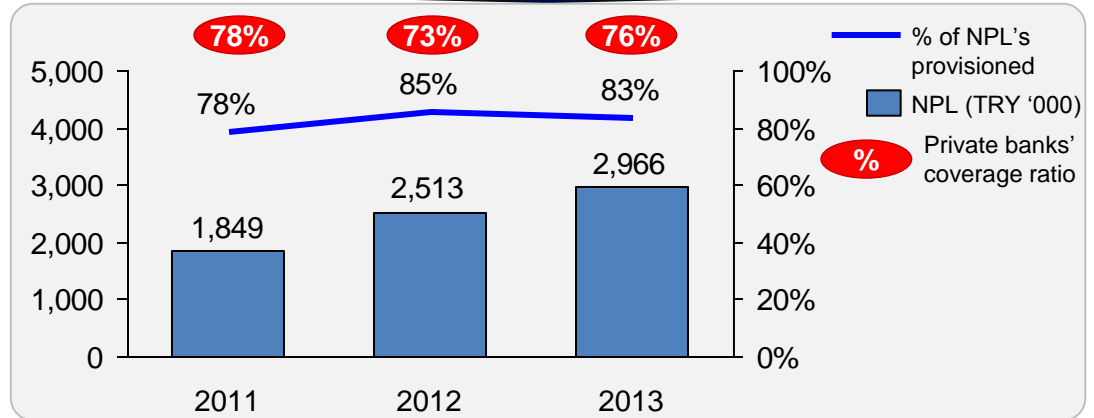


\* According to BRSA definition

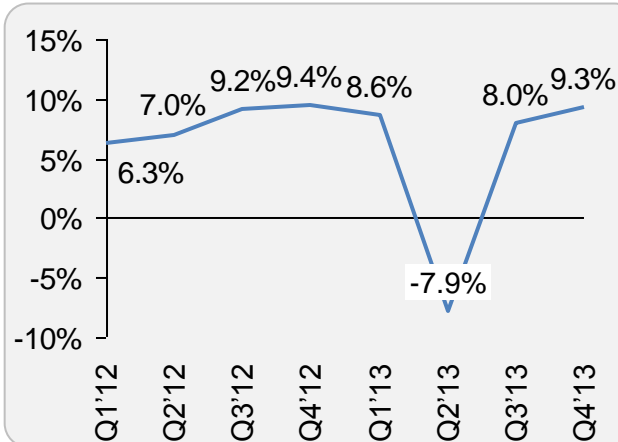
# Higher coverage for better risk management

- TRY 816mn reserved in general provisions
- Very limited loan write-off of TRY 6.5mn in 2011 and TRY 5.1mn in 2012
- Total NPL sale of TRY 786mn since Sep'11

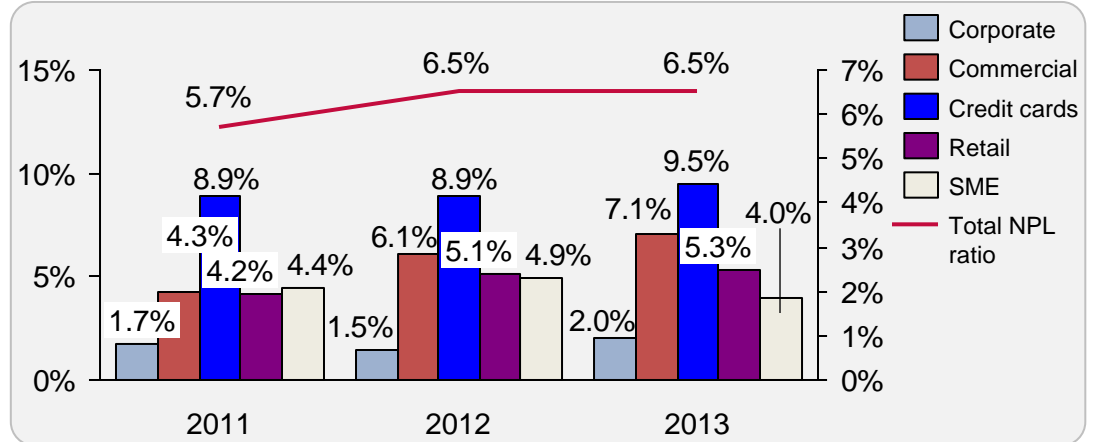
## NPL provisioning



## Change in NPLs



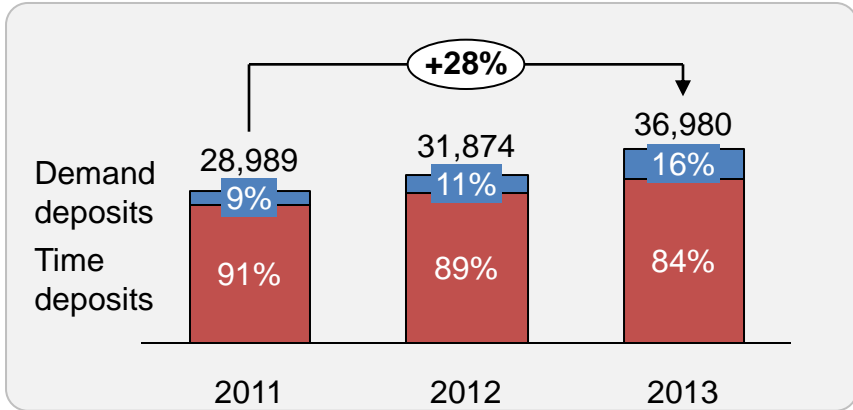
## NPL ratio by segments



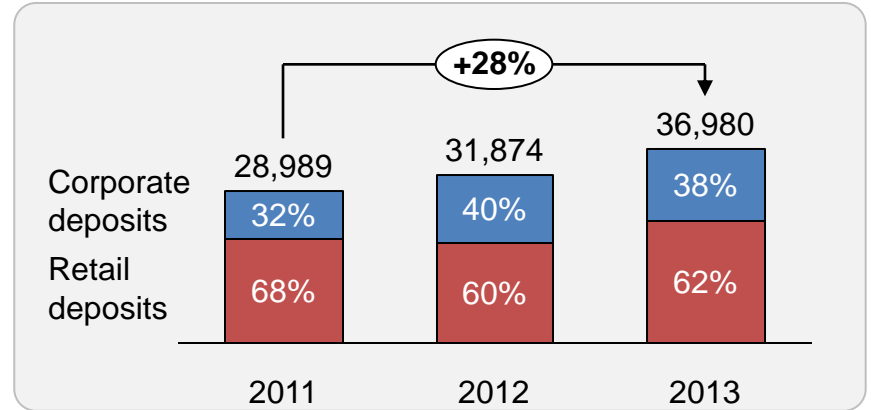
# Growing deposit base

TRY million

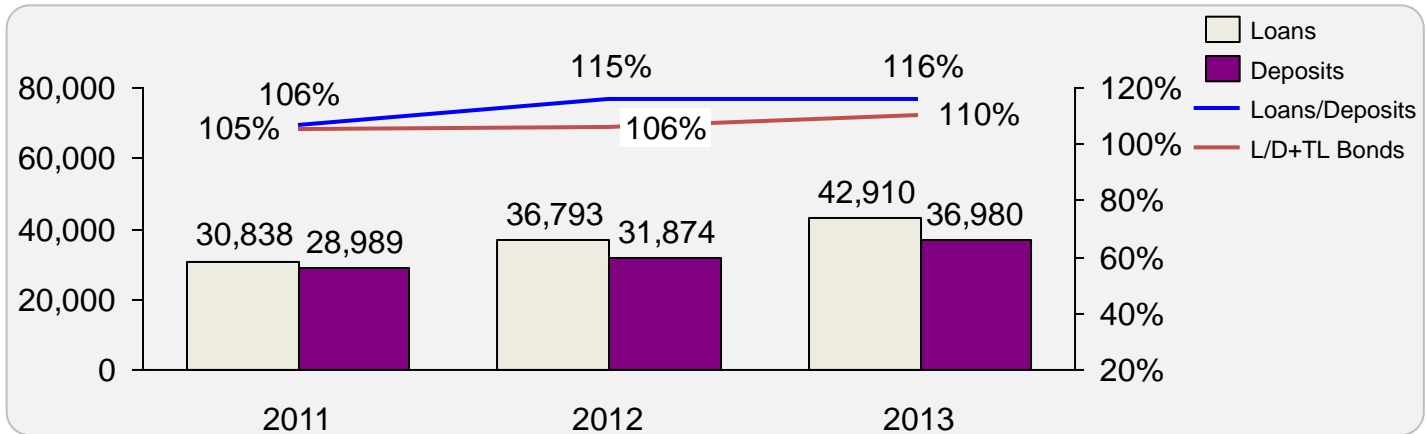
## By type



## By segment



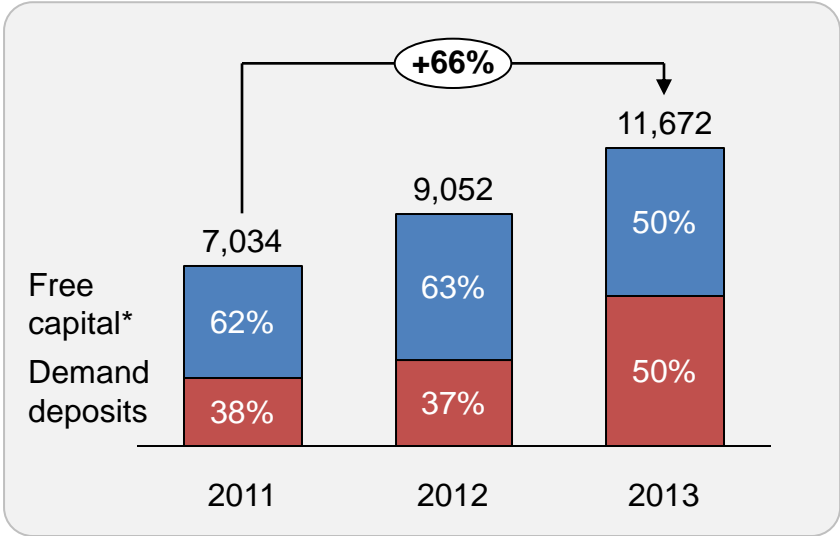
## Loans/Deposits



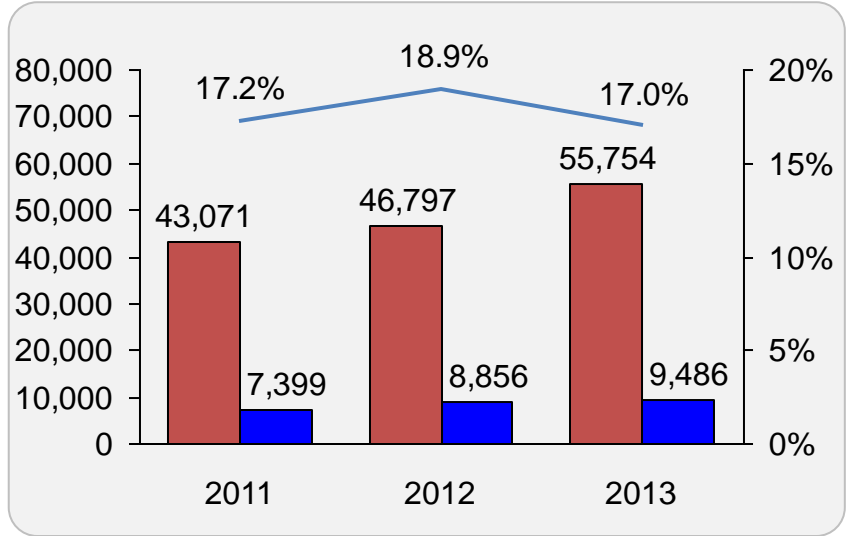
# Strong capital and high liquidity

■ RWA (Market risk+Operational risk+Credit risk)  
■ Total Tier I and Tier II capital  
— CAR

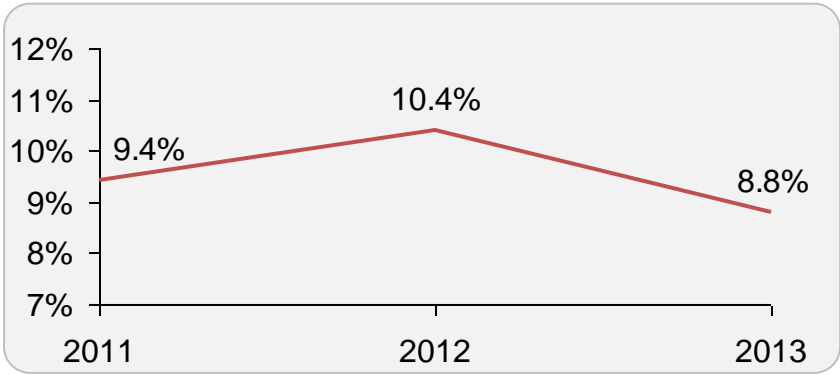
## Free funds (TRY million)



## Capital adequacy ratio (TRY million)



## Free capital / Assets



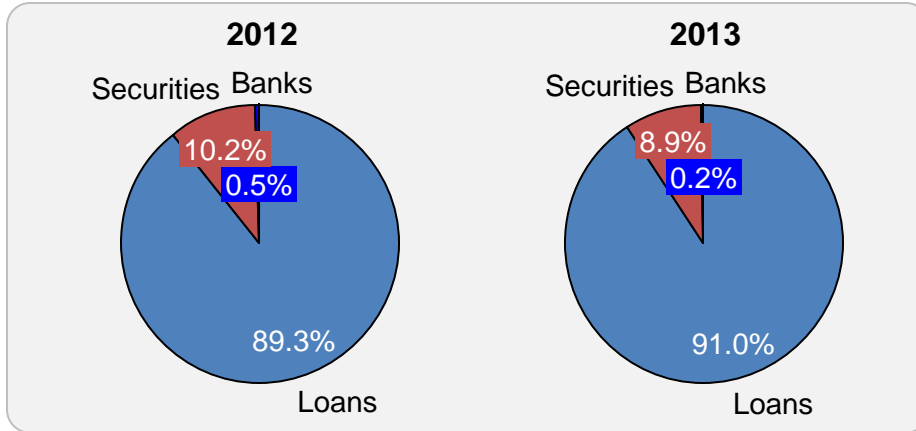
- The new Basel II compliance initially helped increase Finansbank's CAR by 110bps
- Tier 1 ratio is at 12.6%

\* Free capital = Shareholders' Equity – (Subsidiaries + Fixed Assets + Unprovisioned NPL)

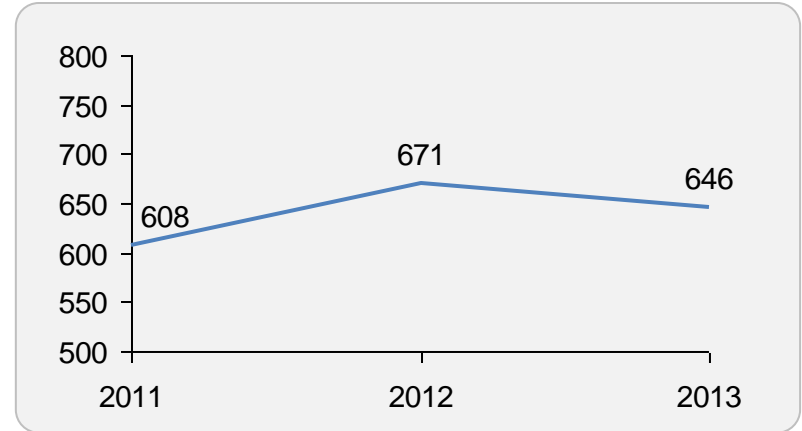


# High margins with strong fee income growth

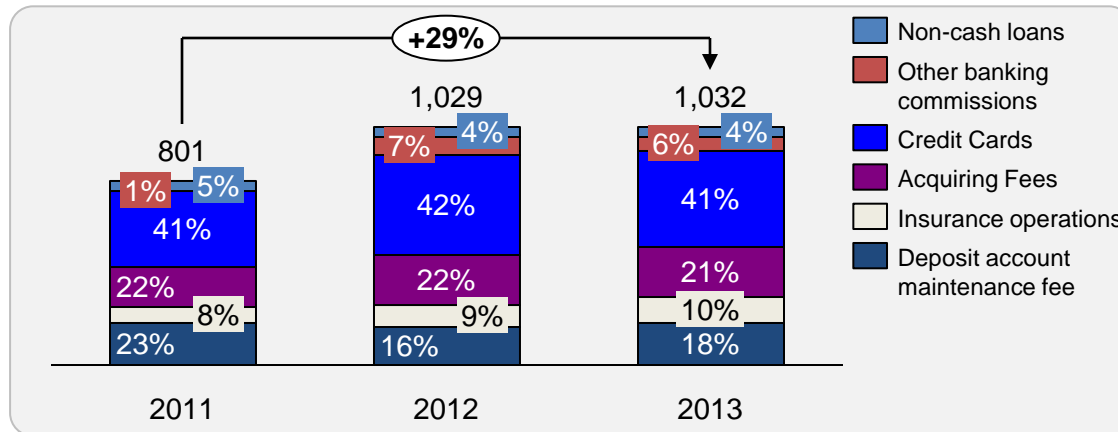
## Breakdown of interest income



## NIM evolution (bps)



## Breakdown of net fee income (TRY million)



# Funding position

Type of borrowing (million)	Maturity	Outstanding principal		Tenor Years
DPR Securitisation	February 2015	USD	1	3
TRY Bond	April 2014	TRY	899.1	0.3
TRY Bond	April 2014	TRY	116.2	0.3
TRY Bond	April 2014	TRY	124.2	1
TRY Bond	May-14	TRY	243.8	0.2
TRY Bond	May-14	TRY	170.5	0.3
TRY Bond	March 2015	TRY	150	1
Eurobond	May-16	USD	500	5
Eurobond	November 2017	USD	350	5
Syndicated Term Loan USD Tranche	November 2014	USD	167	1
Syndicated Term Loan EUR Tranche	November 2014	EUR	264.5	1
DPR Securitisation	November 2017	USD	75	5
DPR Securitisation	November 2017	EUR	10	5
Subordinated Loan from NBG	October 2020	USD	325	11
Subordinated Loan from NBG	October 2021	USD	200	12
EIB	November 2019	USD	13	7
EIB	December 2015	EUR	21.5	7
EIB	October 2017	EUR	28.6	7
EIB	December 2015	EUR	19.9	6
EIB	May 2016	EUR	30	7
Subordinated Loan from NBG	December 2021	USD	125	12
Subordinated Loan from NBG	December 2021	USD	260	10
DPR Securitisation	November 2024	EUR	50	12

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# Key macroeconomic indicators

<b>Monetary and Financial Indicators</b>	<b>2013</b>	<b>2012</b>	<b>2011</b>
USD/TRY	2.1482	1.7840	1.8909
EUR/TRY	2.9529	2.3547	2.4498
Central Bank Policy Rate	4.50%	5.50%	5.75%
Interbank O/N Repo Rate (10-D MA)	7.7%	5.4%	11.4%
Benchmark Treasury Bond Yield	10.5%	6.0%	10.7%
CPI	7.4%	6.2%	10.5%
CPI Expectation (1-Y ahead)	6.7%	6.3%	7.2%
CBRT Gross FX Reserves (bn USD)	122.9	100.3	78.9

<b>Macroeconomic Indicators*</b>	<b>2013</b>	<b>2012</b>	<b>2011</b>
GDP**	821.9	785.7	774.0
GDP growth rate (constant TRY, YoY)**	3.3%	2.2%	8.8%
Exports	151.9	152.5	153.3
Imports	251.7	236.5	245.0
Merchandise Trade Balance	-99.7	-84.1	-91.7
Current Account Balance***	-65.0	-47.8	-54.1
Primary Surplus (bn TRY)	19.0	19.6	24.8

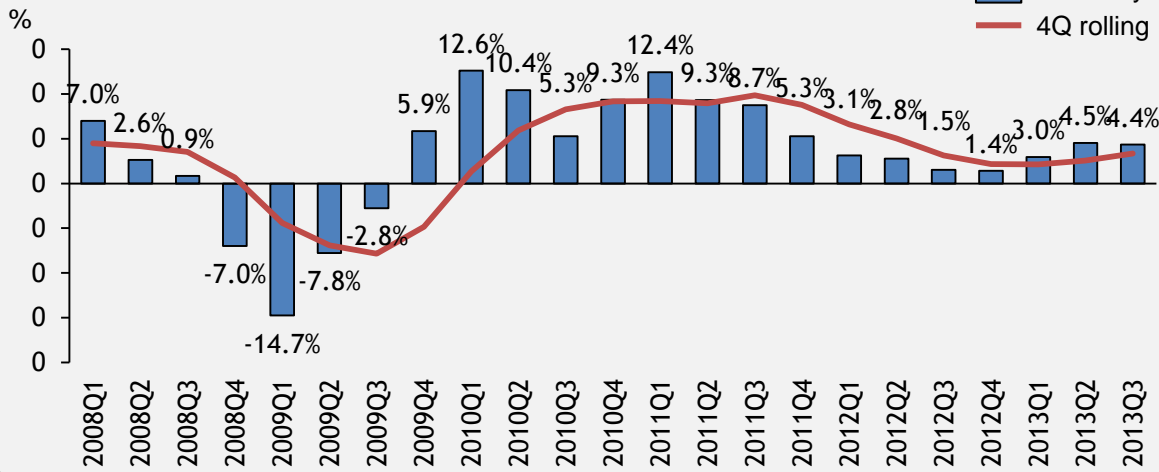
<b>Banking System Indicators</b>	<b>2013</b>	<b>2012</b>	<b>2011</b>
Assets (bn TRY)	1,732.4	1,370.7	1,217.7
Loans to Assets	61.5%	58.0%	56.1%
Securities to Assets	16.6%	19.7%	23.4%

\* The figures are 12-month rolling and measured in billions of USD unless stated otherwise

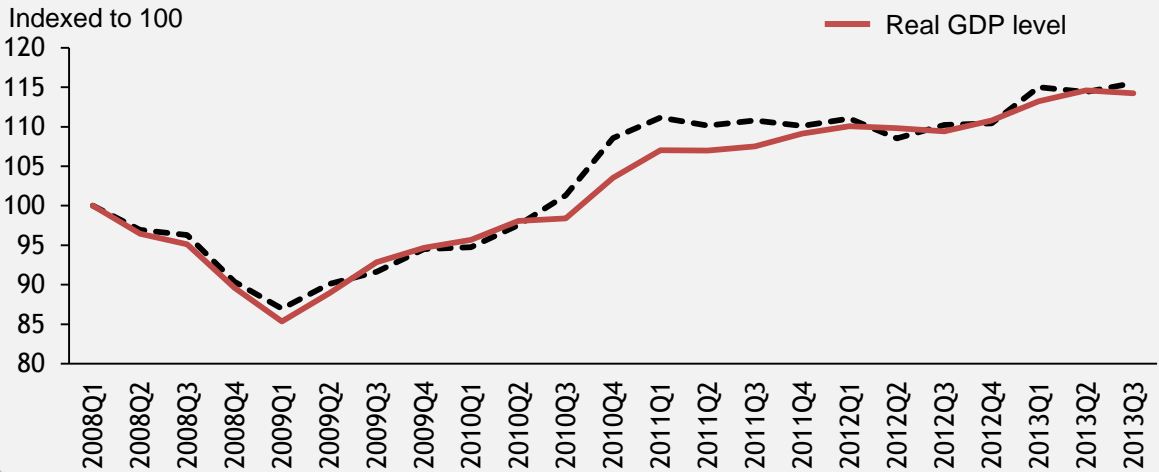
\*\* The latest figures are as of Q3 2013

# Economic activity

**GDP Growth**



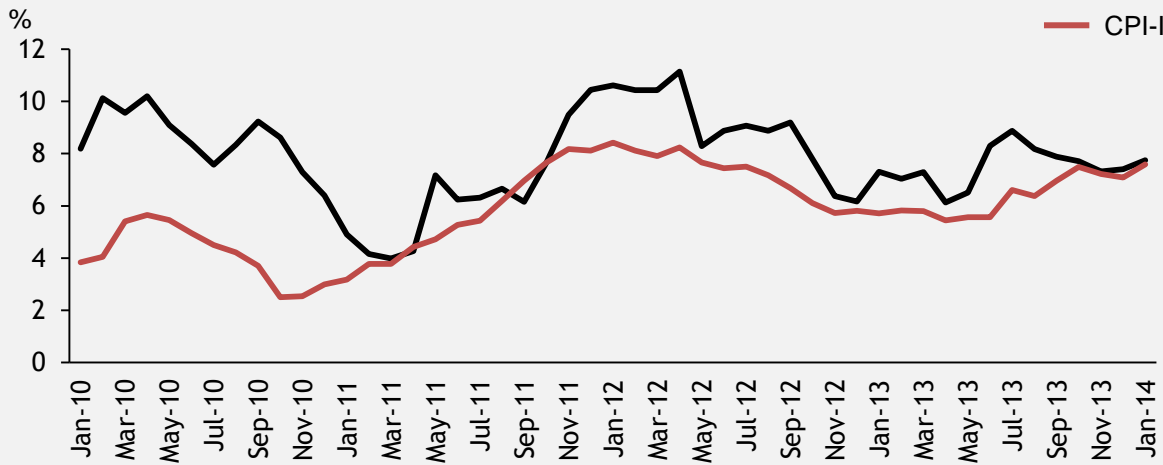
**Evolution of Real GDP and Demand**



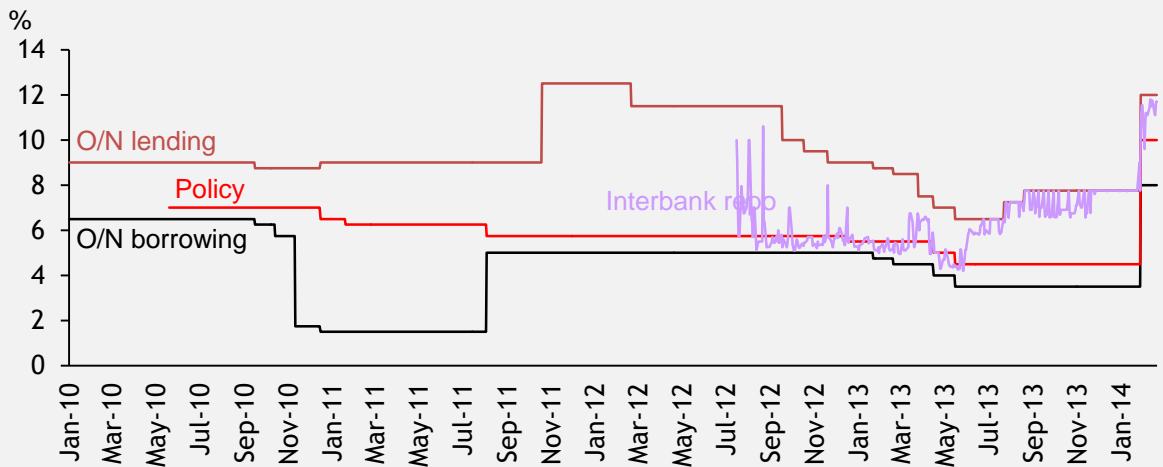
- Turkish economy went through substantial rebalancing in 2012 as domestic demand weakened on the back of tight monetary conditions. Current account deficit narrowed to 6% of GDP, down from 10% at the end of 2011; yet at the expense of a slower GDP growth. Consequently, full-year GDP growth rate stood at a meager 2.2%
- Both domestic demand and GDP growth recovered at a moderate pace since the beginning of 2013. Through the first three quarters, GDP growth rates stood at 3.0%, 4.5% and 4.4%, respectively.
- Leading indicators suggest the pace of growth slowed down in 4Q, yet our 2013-FY growth call at 4% seems confidently attainable.
- Going forward, we see tighter external financing conditions, higher domestic interest rates and political uncertainty weighing on economic activity and hence, GDP growth slowing down to 1.7% in 2014.

# Inflation and monetary policy

**Inflation Rate Evolution**



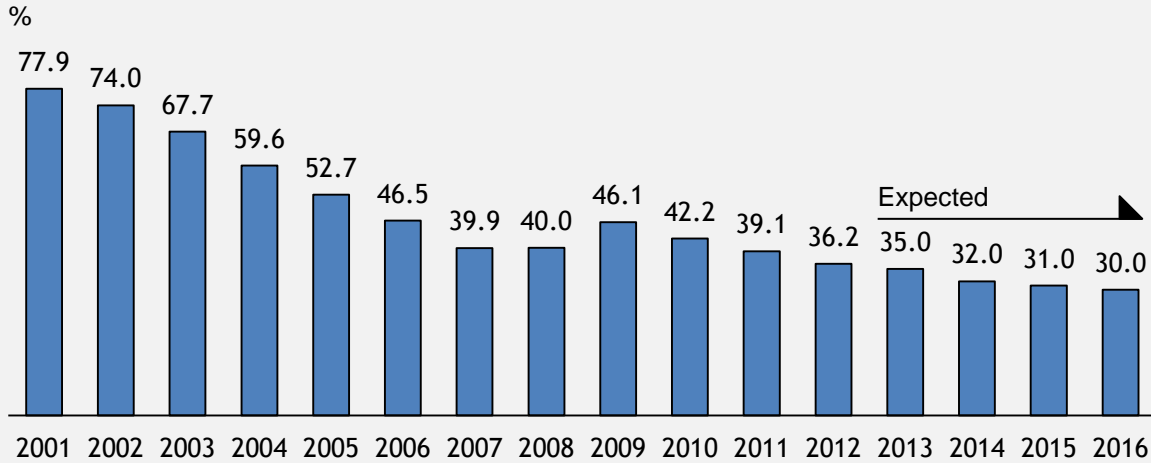
**Interest Rate Evolution**



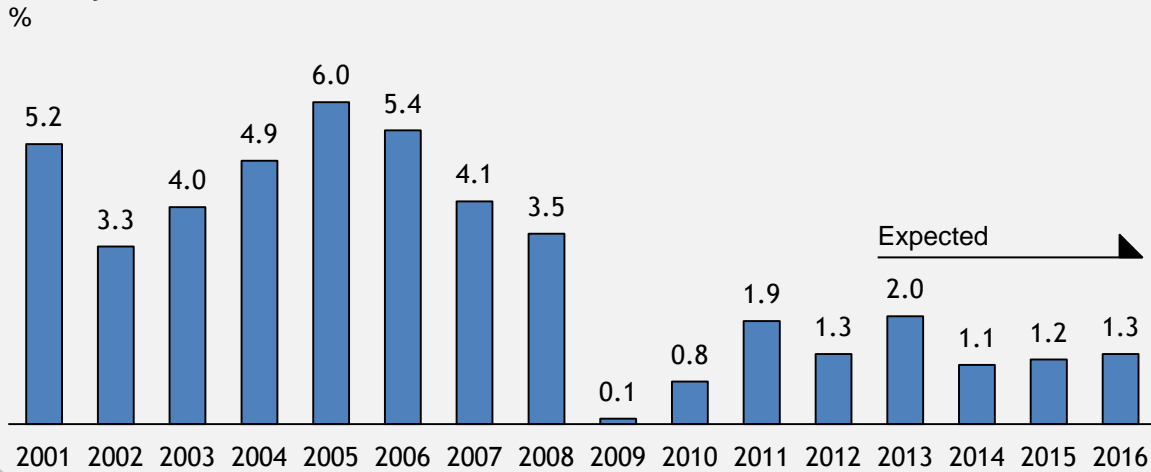
- Annual inflation rate hit 2013 low at 6.1% in April, before trending upward and reaching 8.9% in July, mainly on the back of the weakening in currency from mid-May onwards.
- Headline annual inflation trended downward through August - November period due to a favorable base effect in energy prices. Yet, this trend has reversed in December. Annual inflation ended 2013 at 7.4% and increased to 7.75% in January on the back of food prices hikes. Core inflation, meanwhile remained above 7% continuously since October.
- We see inflation reaching almost double digits in 1H, due to currency pass through and unfavorable base effects, before ending 2014 at 8%.
- CBRT had committed to a policy framework of low short term rates and tight macroprudential conditions against a backdrop of strong capital inflows until May. As shifting global conjuncture and domestic political risks led to sharp TRY depreciation, CBRT simplified its operational framework, delivering significant hikes in all policy rates across the board in January.

# Debt & deficit

**Public Debt / GDP**



**Primary Balance / GDP**



- Strong economic growth and commitment to fiscal discipline brought the gross public debt burden declined to 36.2% as of end-2012, from its peak of 77.9% in 2001.
- Despite smaller primary balances in recent years, the declining trend of public debt/GDP ratio has continued thanks to sufficiently high GDP growth and lower interest rates.

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