# Finansbank Overview with Q1'13 Financial Results

Investor Relations
May 2013

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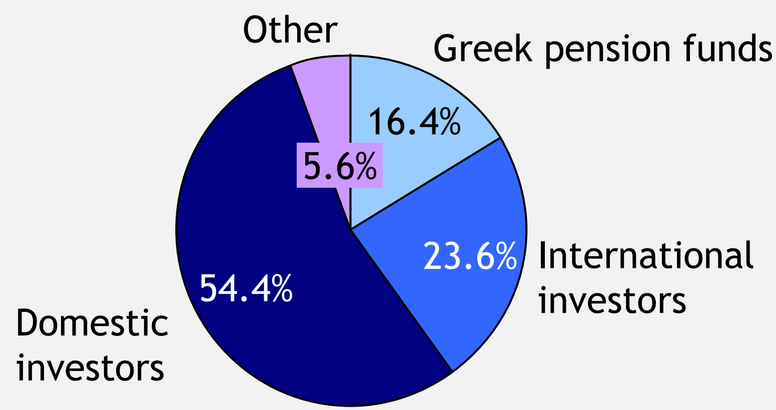
# The NBG Group

## Corporate information

- National Bank of Greece, the oldest Greek commercial bank, heads the largest and strongest financial group in Greece
- The Bank has 511 domestic branches and 1,184 banking units overseas. The Group boasts by far the largest network for the distribution of financial products and services in Greece. Overseas, the NBG Group is active in 12 countries, controls 9 banks and 58 companies (as of 2012)
- The NBG Group is the first Greek financial group to successfully float its stock on the New York Stock Exchange, the world's principal capital market

## Ratings (16.05.2013) and shareholder structure (31.12.2012)

| | **Moody's** | **S&P** | **Fitch** |
|---|---|---|---|
| • Long-term | Caa2 | CCC | B- |
| • Short-term | NP | C | B |
| • Financial strength/ Viability | E | | b- |



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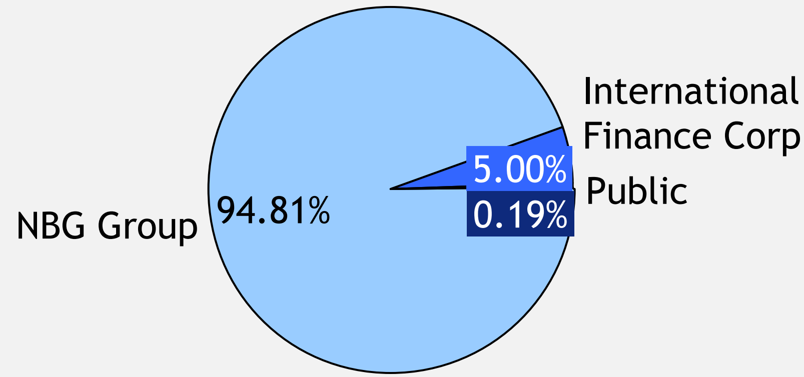
# At a glance

## Ratings and shareholder structure

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




## Corporate information

- Turkey's 5th largest private bank with USD 29.9 bn of assets*
- Highest capital adequacy ratio among peer group private banks at 18.7%
- Core Tier 1 ratio is at 13.8%

| (Million) | Q1'13 |
|---|---|
| Paid-in capital | TRY 2,565 (USD 1,414) |
| Shareholders' equity | TRY 7,407 (USD 4,084) |

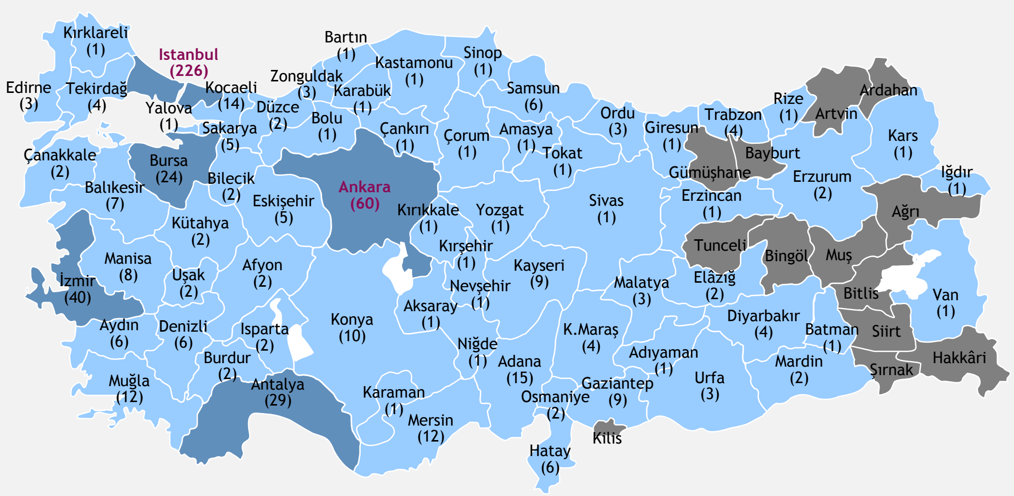
* According to bank only data

# Efficient branch network

- Comprehensive Turkish network covering 97% of GDP
- One of the youngest networks: 6.9 years average age
- Most productive among peers: TRY 39.4mn retail loans per branch

| | 2009 | 2010 | 2011 | 2012 | Q1'13 |
|---|---|---|---|---|---|
| Corporate | 8 | 4 | 4 | 4 | 4 |
| Commercial | 53 | 5 | 0 | 0 | 0 |
| Retail | 251 | 0 | 0 | 0 | 0 |
| Consumer | 99 | 1 | 0 | 0 | 0 |
| Joint Branch | 0 | 446 | 479 | 569 | 580 |
| 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 |
| **Total** | **461** | **502** | **522** | **582** | **592** |

**Geographic footprint**



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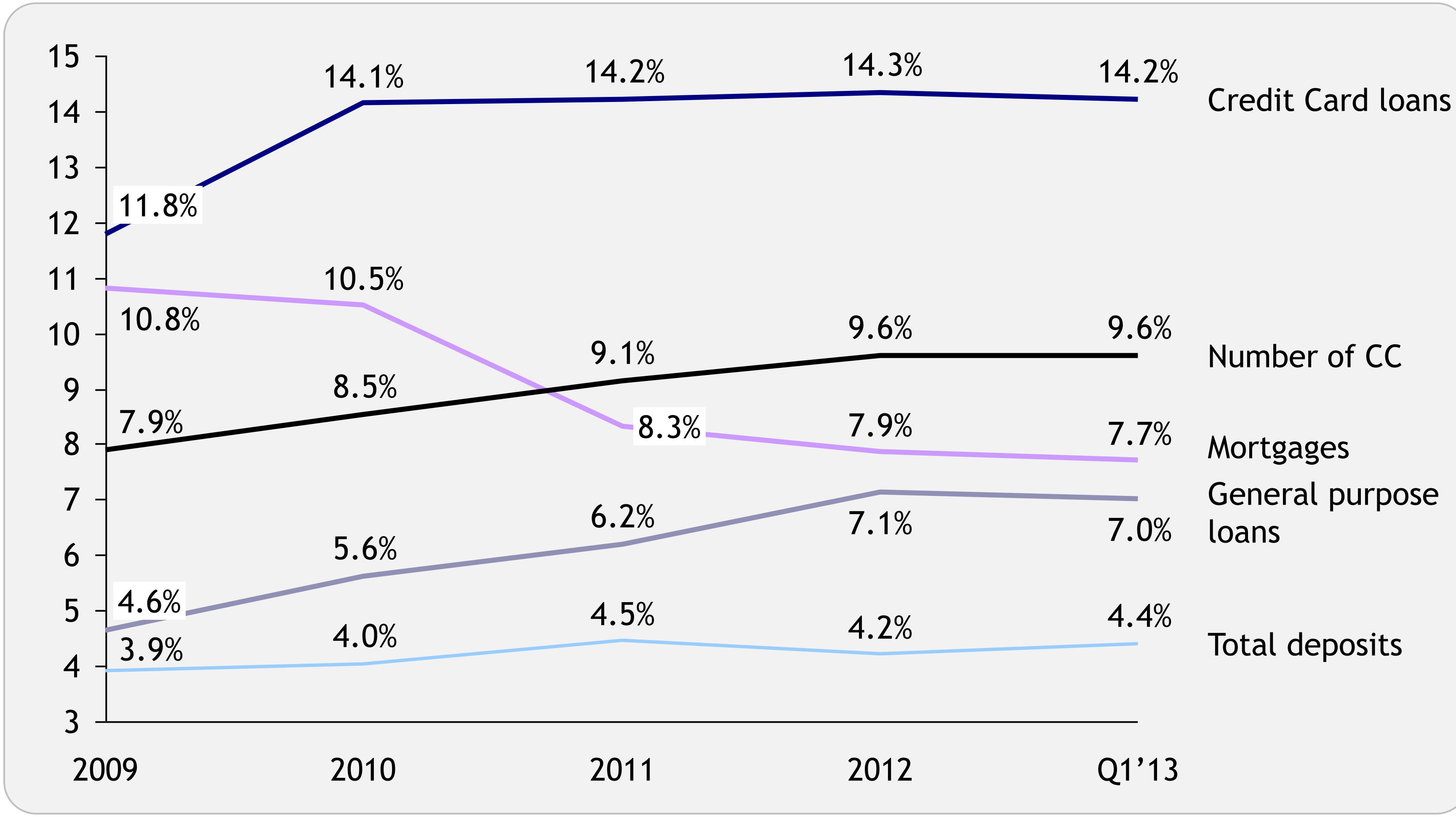
# Strong presence in retail products

**Selected market shares**



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# Q1’13 financial highlights

**B/S**

- Total assets stayed flat at TRY 54.3bn, while a slight asset switch took place from securities to loans
- Net loans increased 3%, mainly due to the increase in SME loans
- Market share in credit card loans leveled at 14.2%, maintaining Finansbank’s position in the top 4 in the sector
- Customer deposits increased 2% mainly boosted by an increase in commercial deposits
- Approximately TRY 1bn of new bonds issued in the first quarter
- Shareholders’ equity increased 1%, helping maintain the CAR at 18.7%

**P&L**

- Net interest income rose 32% to TRY 825mn when compared to Q1’12, while NIM expanded further to 725bps
- Net fees and commissions income increased 8% and reached TRY 260mn, indicating some normalization compared to last year’s aggressive growth
- Operating expenses increased 29% mainly due to the addition of 70 new branches during the period
- Net income reached TRY 274mn, registering 33% growth compared to Q1’12



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# Solid financial performance

**B/S**

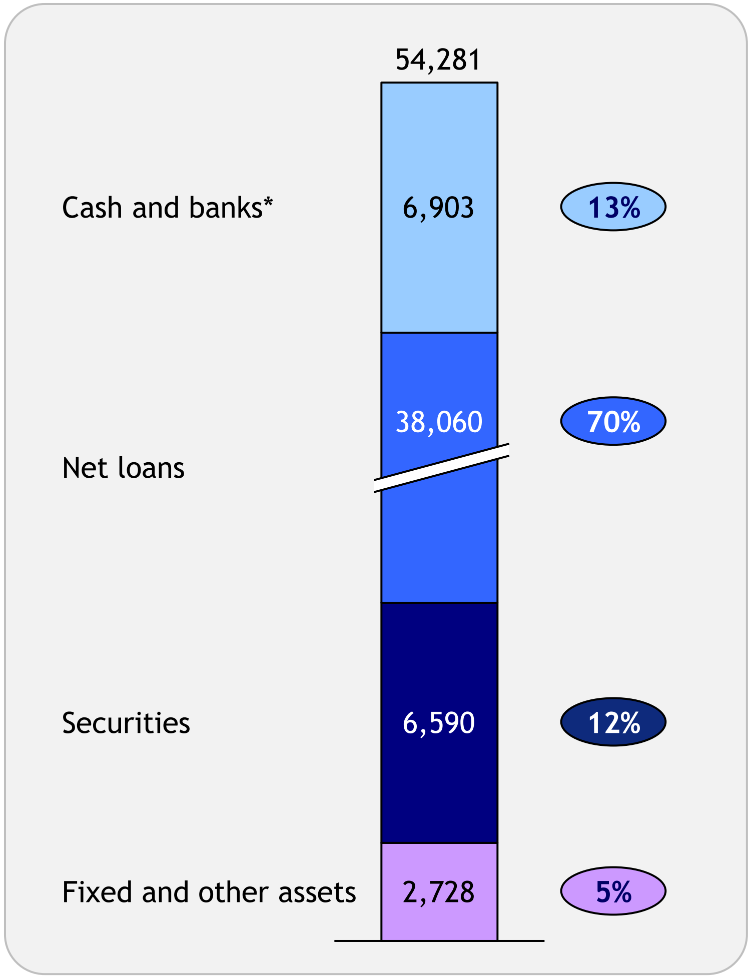
| | 2012 | | Q1'13 | |
|---|---|---|---|---|
| | USD million | TRY million | USD million | TRY million |
| • Total assets | 30,518 | 54,402 | 29,929 | 54,282 |
| • Securities | 4,101 | 7,310 | 3,634 | 6,590 |
| • Loans, net | 20,640 | 36,793 | 20,985 | 38,060 |
| • Customer deposits | 17,881 | 31,874 | 17,963 | 32,580 |
| • Funds borrowed | 4,626 | 8,247 | 4,463 | 8,095 |
| • Shareholders' equity | 4,109 | 7,325 | 4,084 | 7,407 |

**P&L**

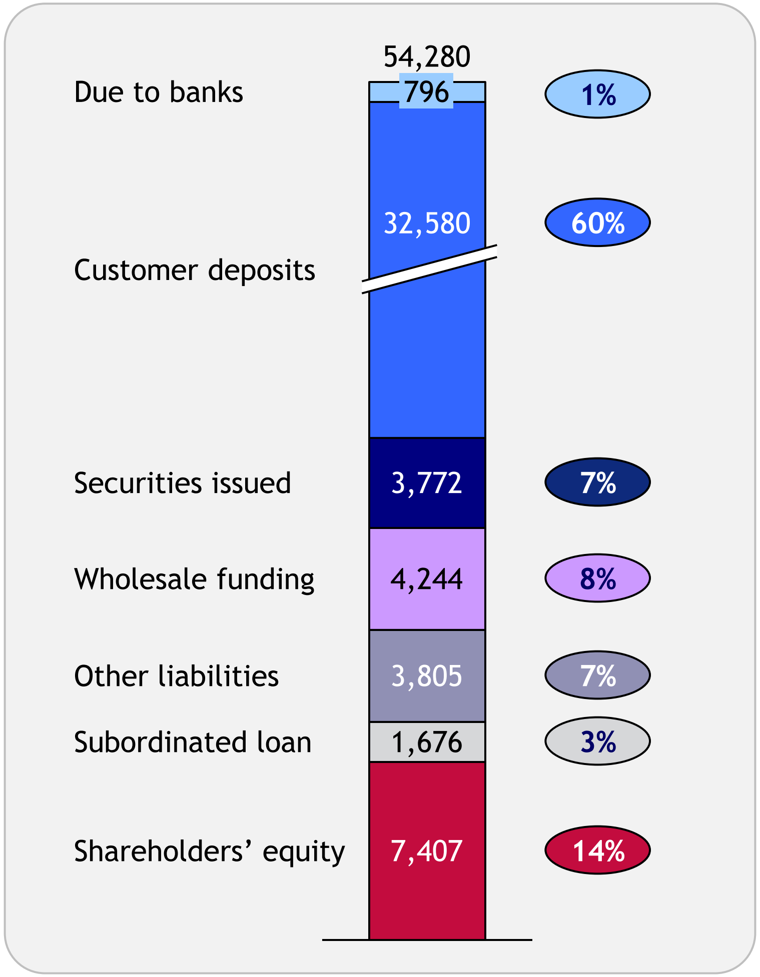
| | Q1'12 | | Q1'13 | |
|---|---|---|---|---|
| | USD million | TRY million | USD million | TRY million |
| • Net interest income | 352 | 627 | 455 | 825 |
| • Provisions | (80) | (143) | (108) | (196) |
| • Adjusted NII | 272 | 484 | 347 | 629 |
| • Net fees and commissions | 135 | 241 | 143 | 260 |
| • Opex | 229 | 408 | 291 | 527 |
| • Net Income | 116 | 206 | 151 | 274 |

# Loan driven business model with diversified funding

**Asset structure**
TRY million




**Funding structure**
TRY million




* Including MMS



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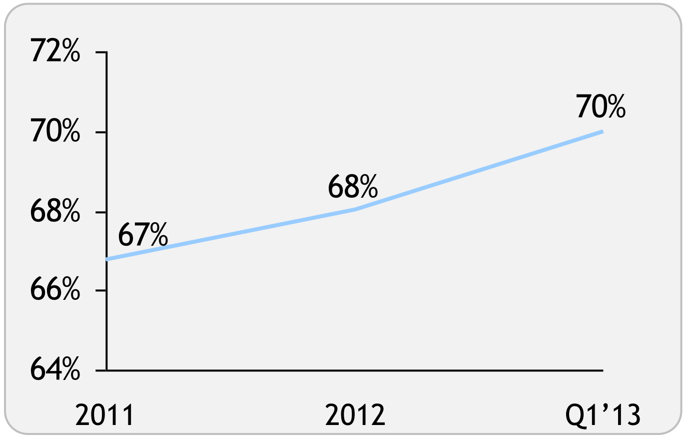
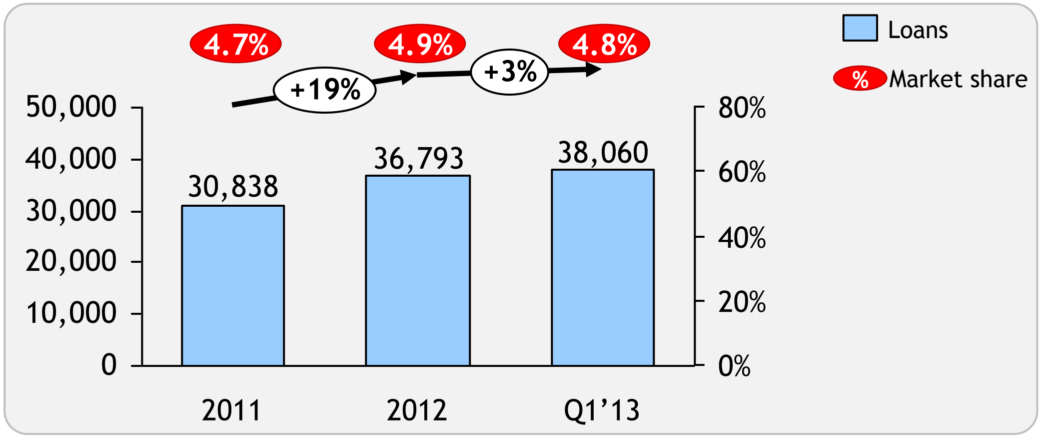
# Focus on real banking

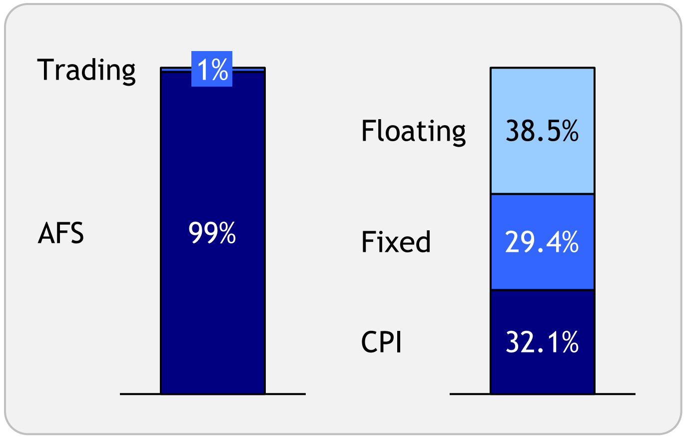
## Loans/Assets



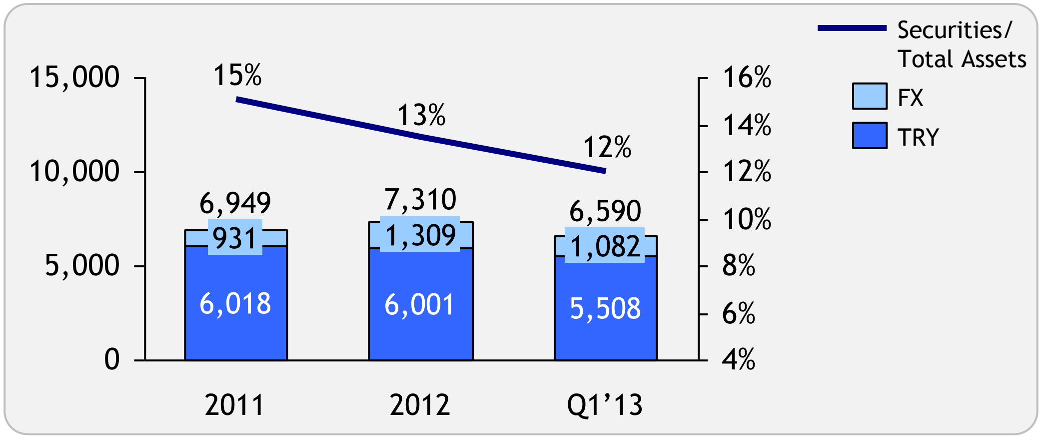

## Net loans (TRY million)




## Securities breakdown




## Securities/Assets (TRY million)



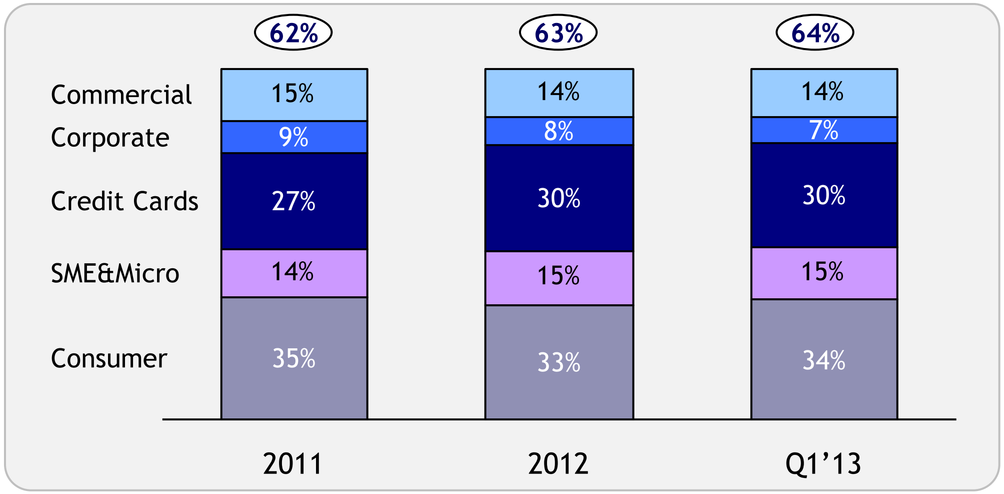
# Significant presence in high margin segments

(%) CC + Consumer

**Business segmentation**
(By annual turnover)

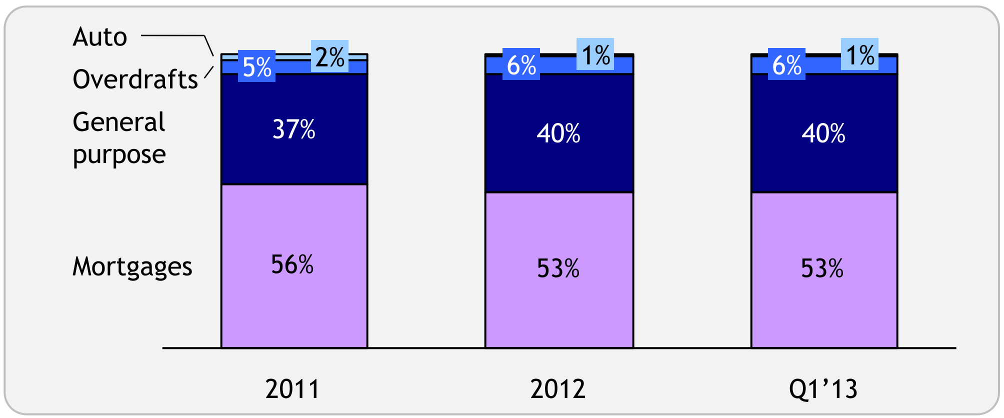
- Corporates
  > TRY 100mn
- Commercial companies
  TRY 10mn-100mn
- SME
  TRY 2mn-10mn
- Micro
  < TRY 2mn

## Loan breakdown




- General purpose loans make up 40% of retail loans
- Mortgage loan growth slowing in line with the strategy of the Bank

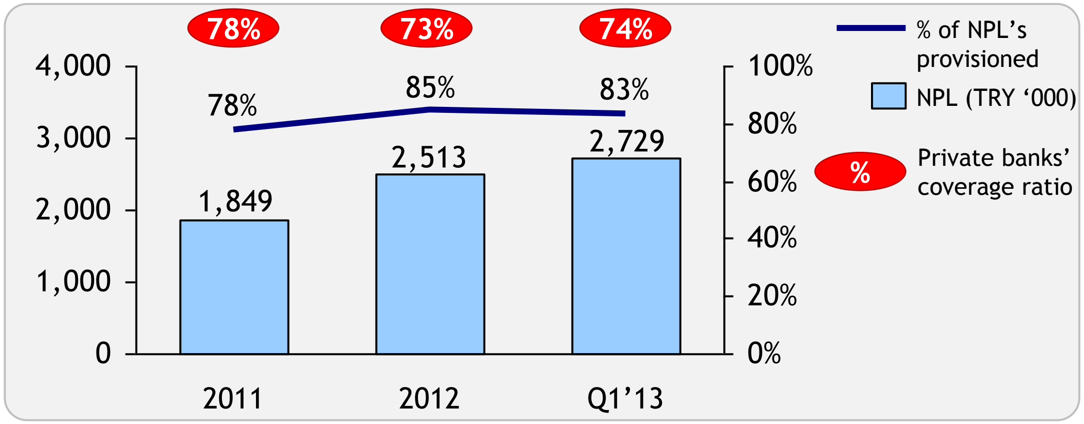
## Retail loans



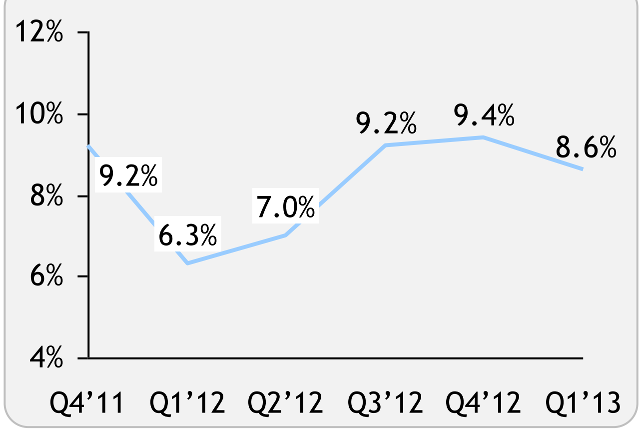
# Higher coverage for better risk management

- TRY 661mn reserved in general provisions
- TRY 116mn in general provisions spared for possible loan losses
- Very limited loan write-off of TRY 6.5mn in 2011 and TRY 5.1mn in 2012
- First time NPL sales of TRY 237mn in Sep’11, which lowered the NPL ratio by 0.5%

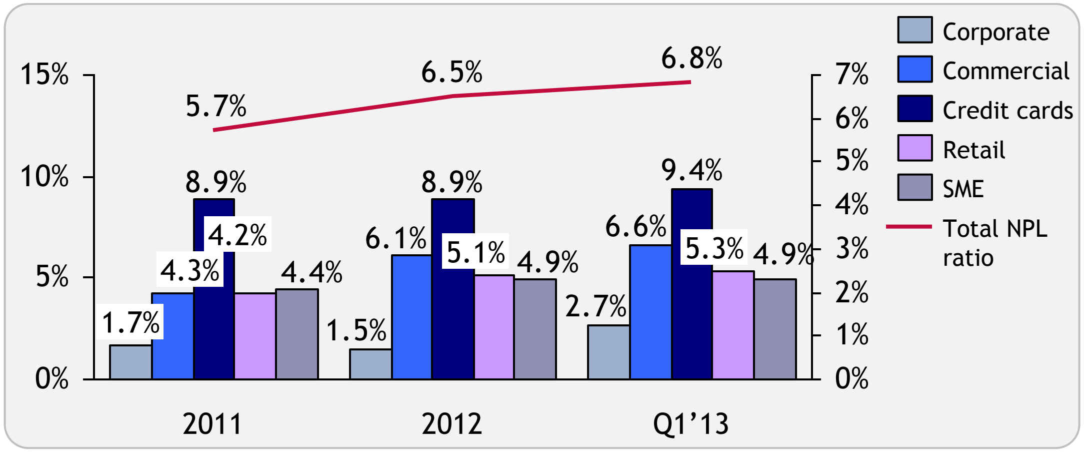
## NPL provisioning




## NPL trend



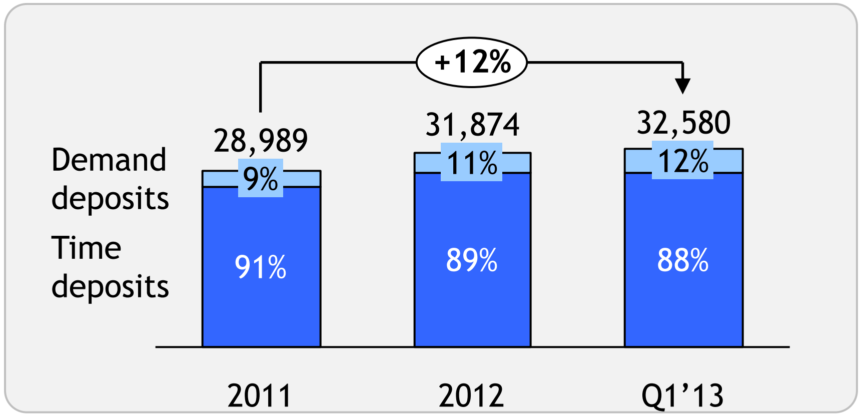

## NPL ratio by segments



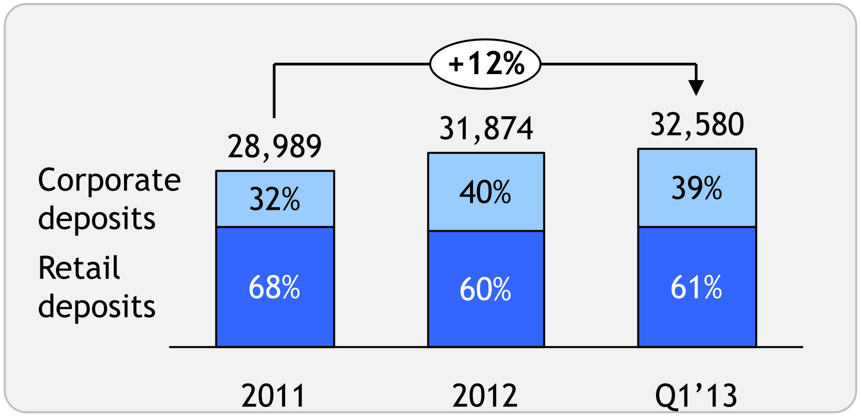
# Growing deposit base

TRY million

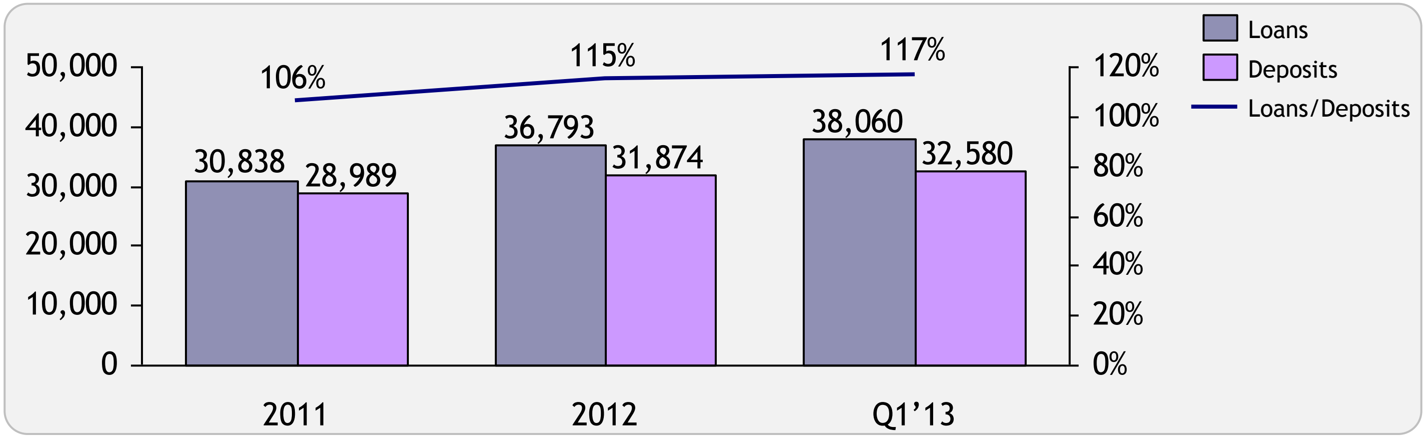
## By type




## By segment

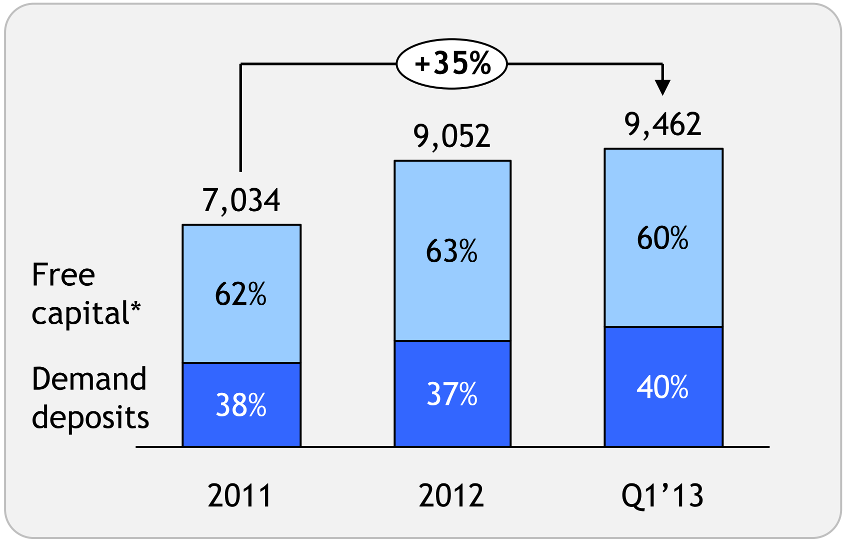



## Loans/Deposits

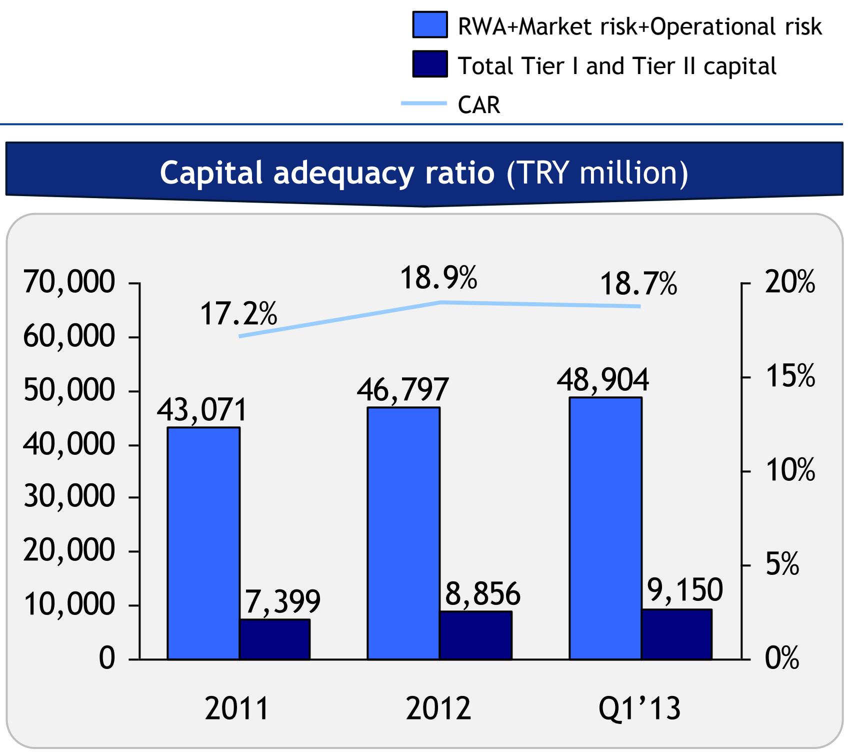


# Strong capital and high liquidity

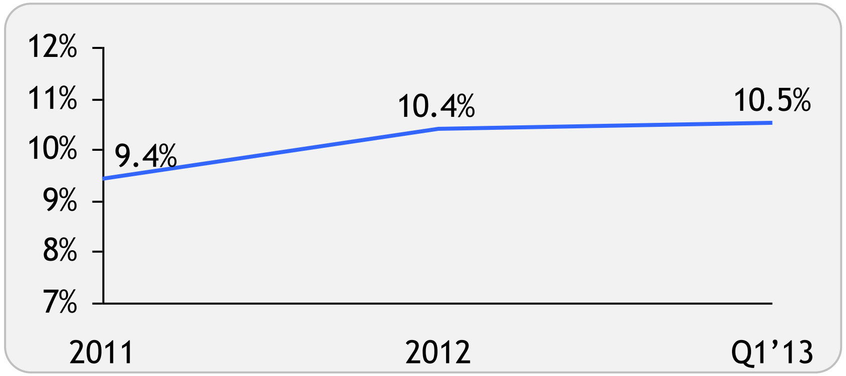
## Free funds (TRY million)




## Capital adequacy ratio (TRY million)




## Free capital / Assets




- The new Basel II compliance initially helped increase Finansbank's CAR by 110bps
- Core Tier 1 ratio is 13.8%

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



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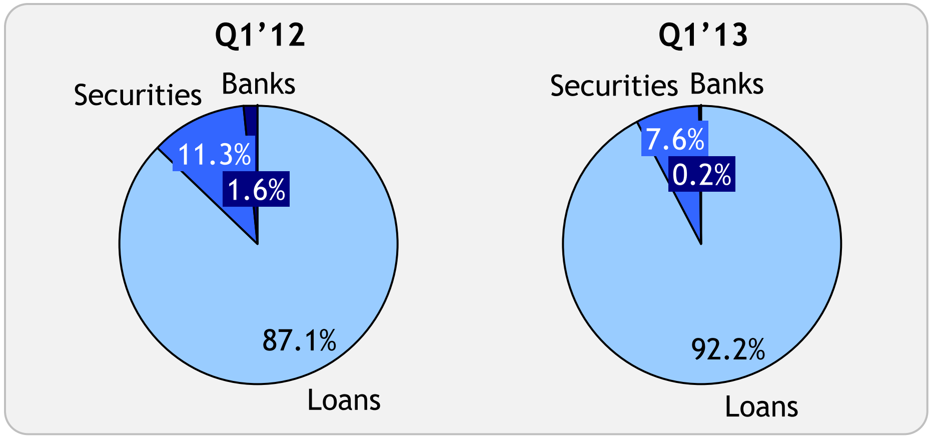
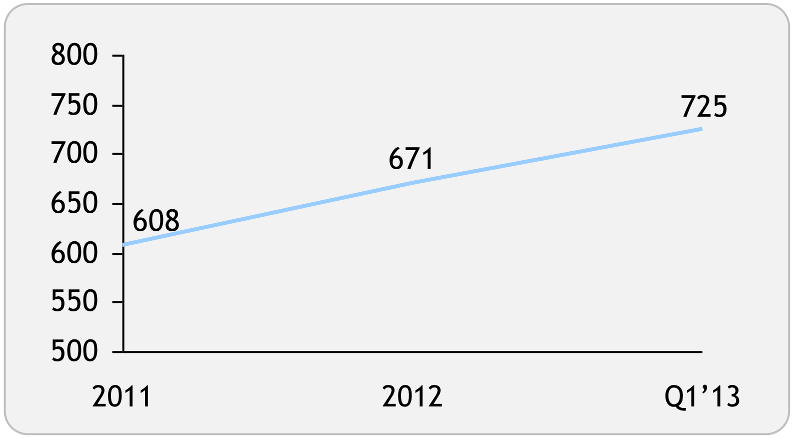
# High margins with strong fee income growth

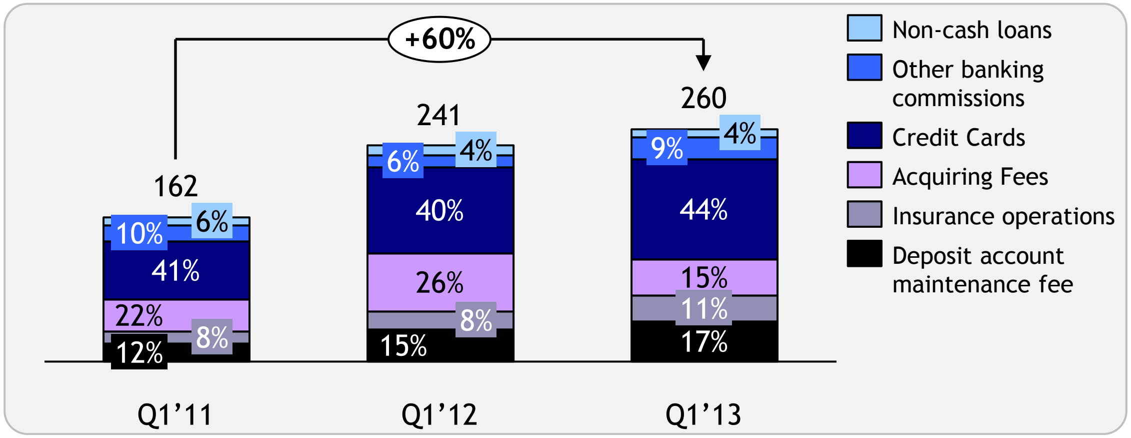
## Breakdown of interest income




## NIM evolution (bps)

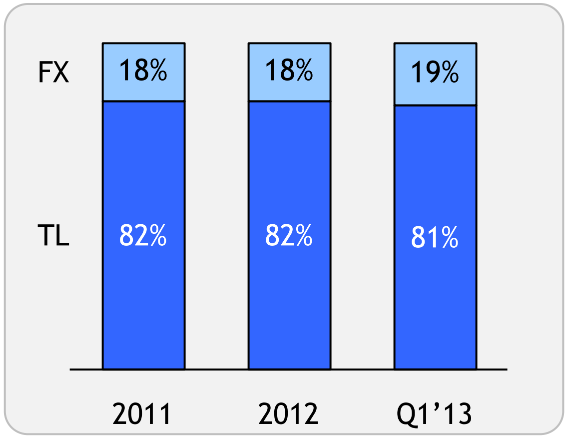



## Breakdown of net fee income (TRY million)

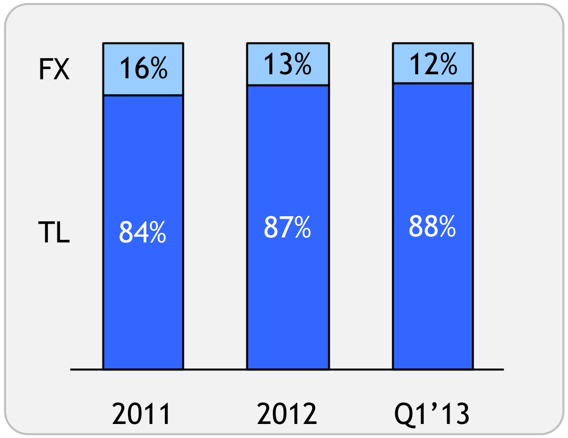


# TRY dominated balance sheet

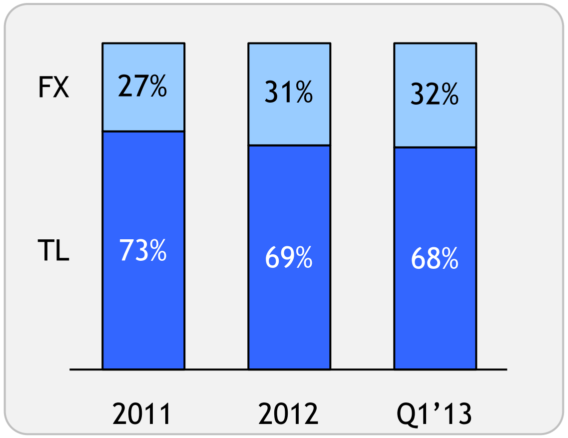
**Currency breakdown; Assets**



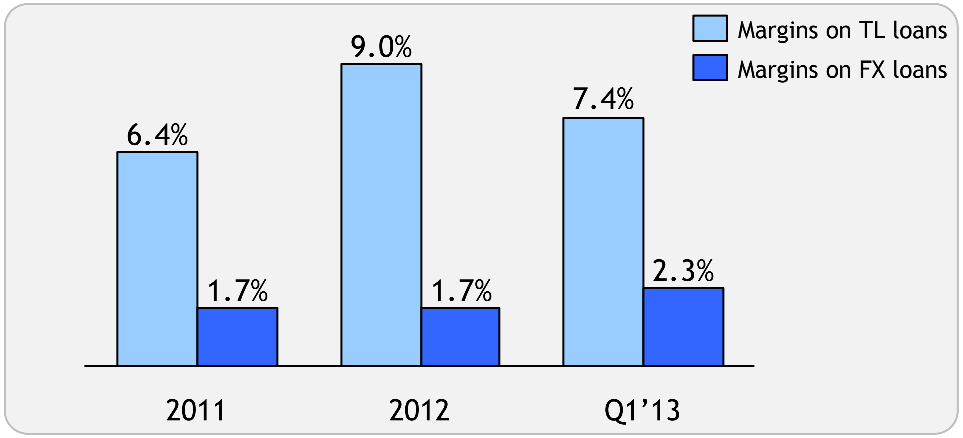

**Currency breakdown; Cash loans**




**Currency breakdown; Deposits**




**Impact of TRY on asset profitability***




* Margins calculated by the deduction of last months time deposit rate from term-end loan book yield

# Borrowings and issuances

| Type of borrowing | Maturity | | Outstanding principal Million | Tenor Years |
|---|---|---|---|---|
| TRY Bond | June 2013 | TRY | 650 | 0.5 |
| TRY Bond | September 2013 | TRY | 400 | 0.5 |
| TRY Bond | September 2013 | TRY | 475.8 | 0.5 |
| Syndicated Term Loan USD Tranche | November 2013 | USD | 188 | 1 |
| Syndicated Term Loan EUR Tranche | November 2013 | EUR | 212 | 1 |
| TRY Bond | April 2014 | TRY | 124.2 | 1 |
| Eurobond | May 2016 | USD | 500 | 5 |
| EIB | October 2017 | EUR | 64 | 7 |
| Eurobond | November 2017 | USD | 350 | 5 |
| DPR Securitisation | November 2017 | USD | 75 | 5 |
| DPR Securitisation | November 2017 | EUR | 10 | 5 |
| Subordinated Debt from NBG | October 2018 | USD | 325 | 10 |
| Subordinated Debt from NBG | October 2019 | USD | 200 | 10 |
| EIB | November 2019 | USD | 13 | 7 |
| Subordinated Debt from NBG | December 2019 | USD | 125 | 10 |
| Subordinated Debt from NBG | December 2021 | USD | 260 | 10 |
| DPR Securitisation | November 2024 | EUR | 50 | 12 |

Source: Finansbank (May 2013)



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# Key macroeconomic data

| | 31.03.2013 | 31.12.2012 | 31.12.2011 |
|---|---|---|---|
| USD/TRY | 1.8103 | 1.7840 | 1.8909 |
| EUR/TRY | 2.3127 | 2.3547 | 2.4498 |
| Central Bank Policy Rate | 5.50% | 5.50% | 5.75% |
| Nominal treasury bill interest rate (eop) | 6.35% | 6.16% | 10.95% |
| PPI | 2.30% | 2.45% | 13.33% |
| CPI | 7.29% | 6.16% | 10.45% |
| Consumer Confidence Index | 74.90 | 73.59 | N/A* |
| *USD (mn)* | | | |
| GDP | 786.293** | 786,293 | 774,188 |
| Exports (Goods), Y-o-Y | 152,246 | 152,478 | 134,907 |
| Imports (Goods), Y-o-Y | (239,368) | (236,545) | (240,842) |
| Trade Balance on Goods, Y-o-Y | (85,122) | (84,067) | (105,935) |
| Current Account Deficit, Y-o-Y | 47,138 | 47,521 | 75,092 |
| Primary Surplus *(TRY mn)*, Y-t-D | 14,251 | 19,625 | 24,774 |
| Central Bank FX Reserves | 105,650 | 100,320 | 78,330 |
| TURKISH BANKING SYSTEM *(TRY bn)* | 31.03.2013 | 31.12.2012 | 31.12.2011 |
| Assets | 1,427.7 | 1,370.7 | 1,217.7 |
| Loans to Assets | 58.38% | 57.98% | 56.08% |
| Securities to Assets | 18.95% | 19.70% | 23.40% |

*Turkstat renewed this index and new series is available only as of January 2012
**As Q1'13 GDP growth rate is not announced yet, this reflects 2012 number



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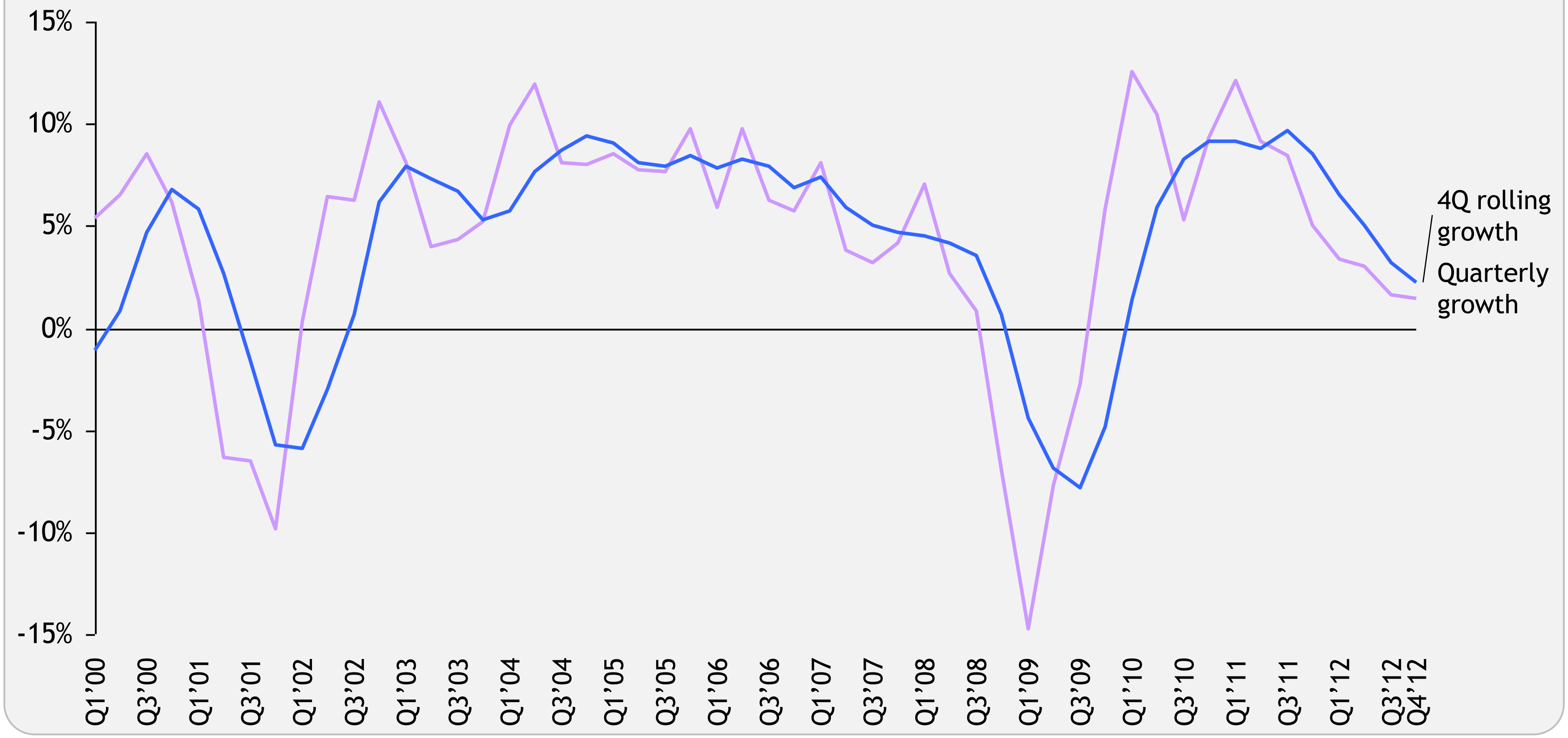
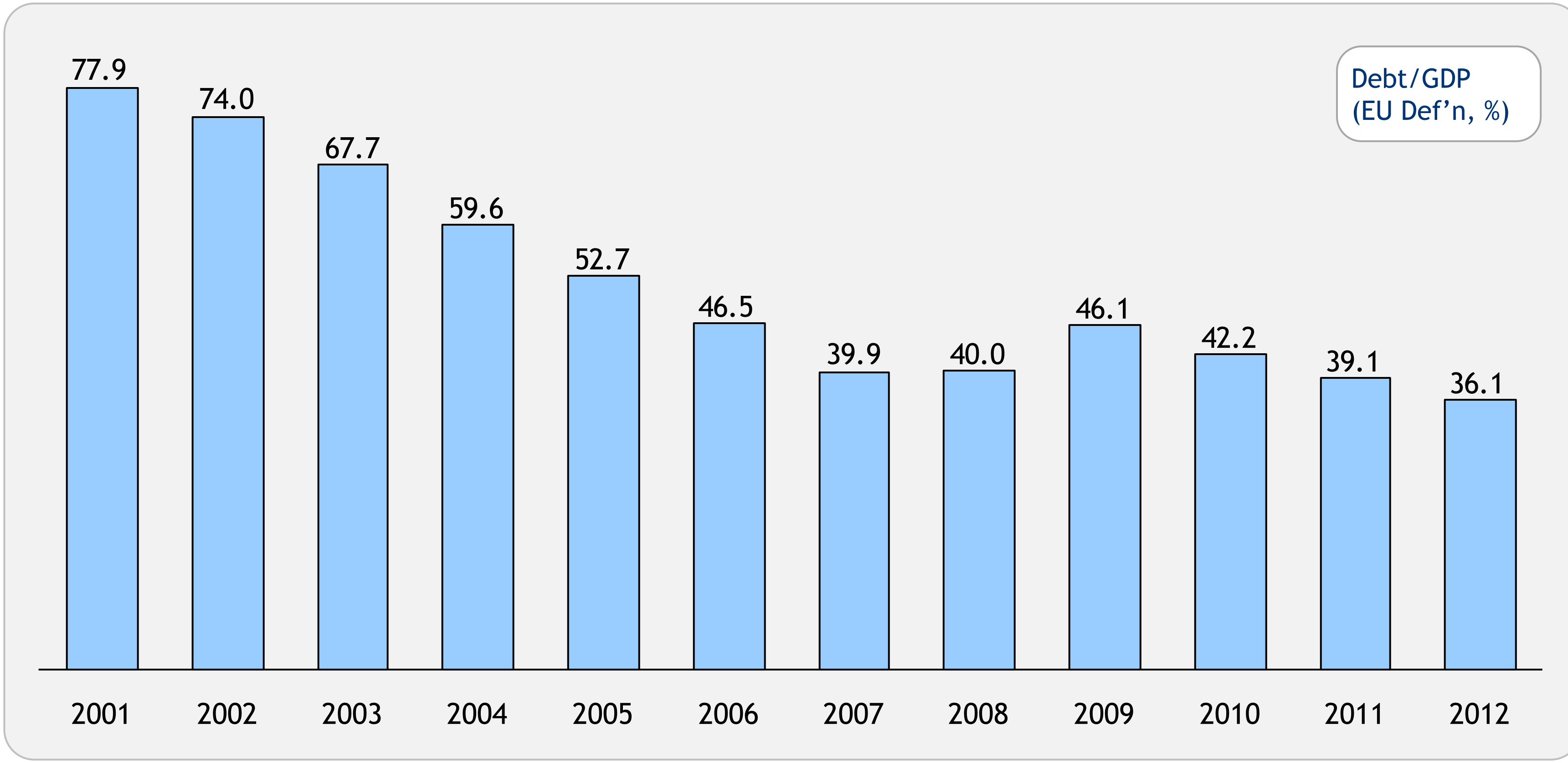
# Economic activity - GDP growth rates



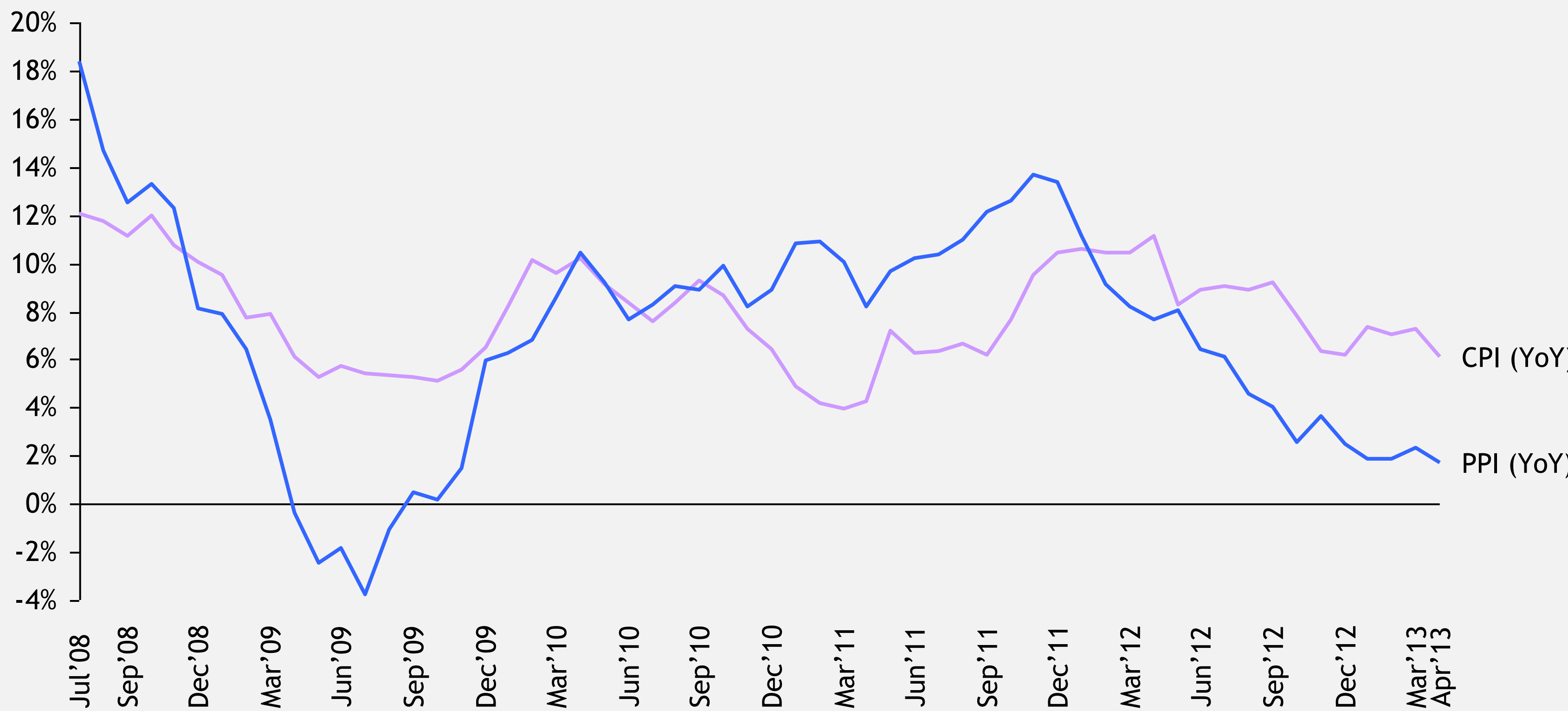

- Turkish economy went through a rebalancing period in 2012 as domestic demand weakened considerably on the back of the tight monetary conditions during the first half of the year. Consequently, GDP growth slowed down to 2.2% in 2012, from 8.8% in 2011
- Regarding 2013, we see GDP growth rate increasing to 5.3%, higher than the official target at 4%, as domestic demand is on the recovery trend and external financing conditions have improved thanks to rating upgrades and loose global liquidity conditions

# Debt outlook




Thanks to strong economic growth and commitment to fiscal discipline, gross public debt burden declined from a peak of 77.9% to 39.9% as of end-2007. Yet, global economic crisis weighed on debt outlook with gross public debt to GDP ratio beginning to increase in 2008 and ending 2009 at 46.1%. However, this trend has reversed in 2010, and debt burden eased down to 39.4% in 2011 and 36.1% in 2012

# Inflation outlook




- Ending 2011 at 10.45%, annual inflation remained at double digits in the first 4 months of 2012 and hit a recent high at 11.14% in April, before it trended downward on the back of the benign course in food prices and eased to 6.16% at the year-end
- Headline CPI eased to 6.13% in April, after hovering slightly above 7% in 1Q 2013. We see annual CPI ending this year at 6.5% while CBRT's projection stands at 5.3%



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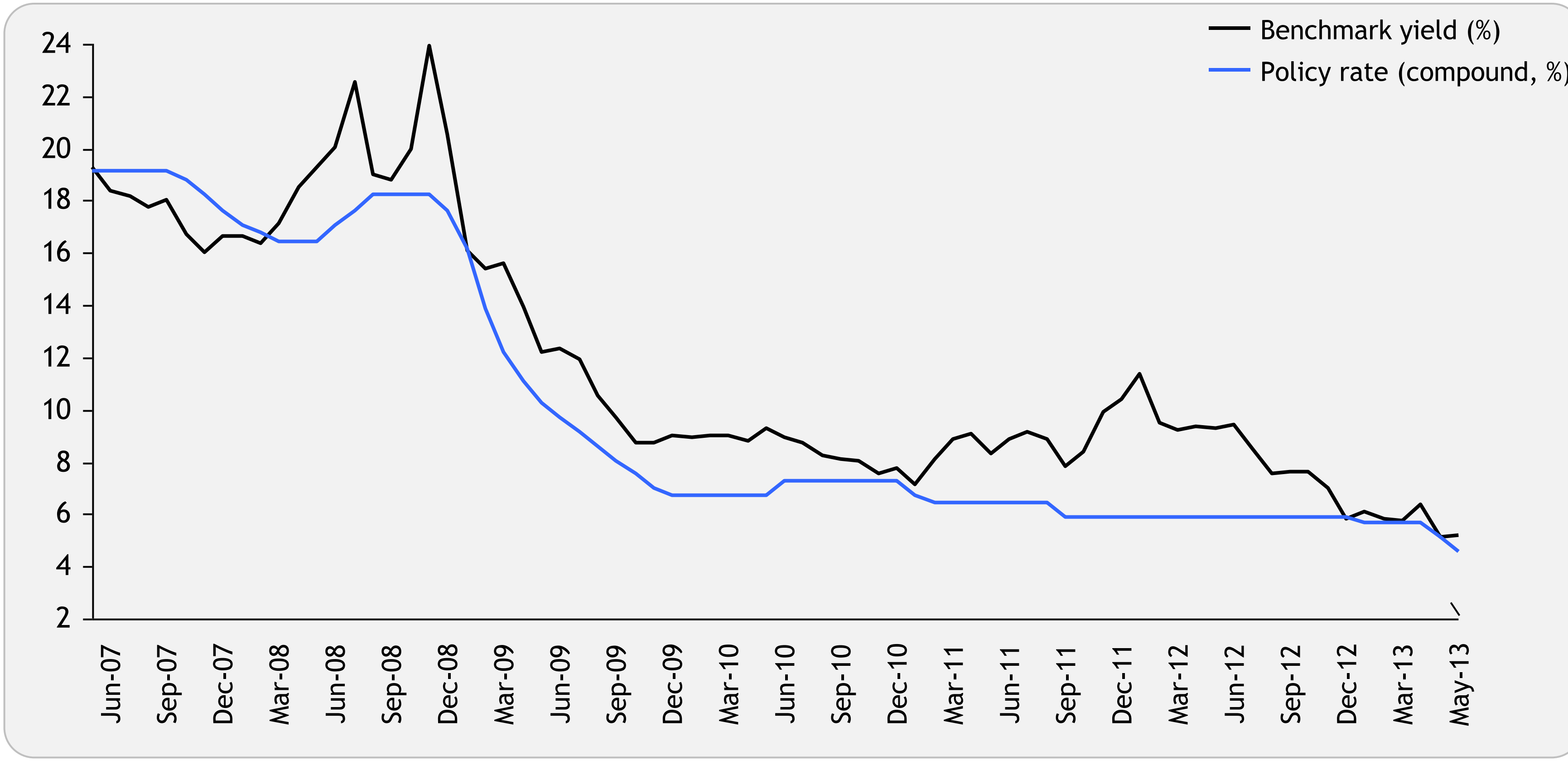
# Monetary policy




- CBRT implemented additional monetary tightening measures to contain deterioration in pricing behaviour and inflation expectations during 1H 2012. Yet, as inflation outlook improved and economic activity followed a mild trend, CBRT eased funding conditions of banks by letting the effective funding rate decline to 5.60% in December, from 2Q average at 9.23%
- CBRT's policy stance has been characterized by «low short term interest rates and tight macroprudential conditions» especially since November when Fitch upgraded Turkey to IG, in order to contain the unfavorable impacts of strong capital flows on credit growth and current account deficit. As such, in addition to cuts in the interest rate corridor, CBRT cut policy rate (1-week repo rate) by 125 bps to 4.5% during December 12 - May 13 period while hiking RRRs and ROCs

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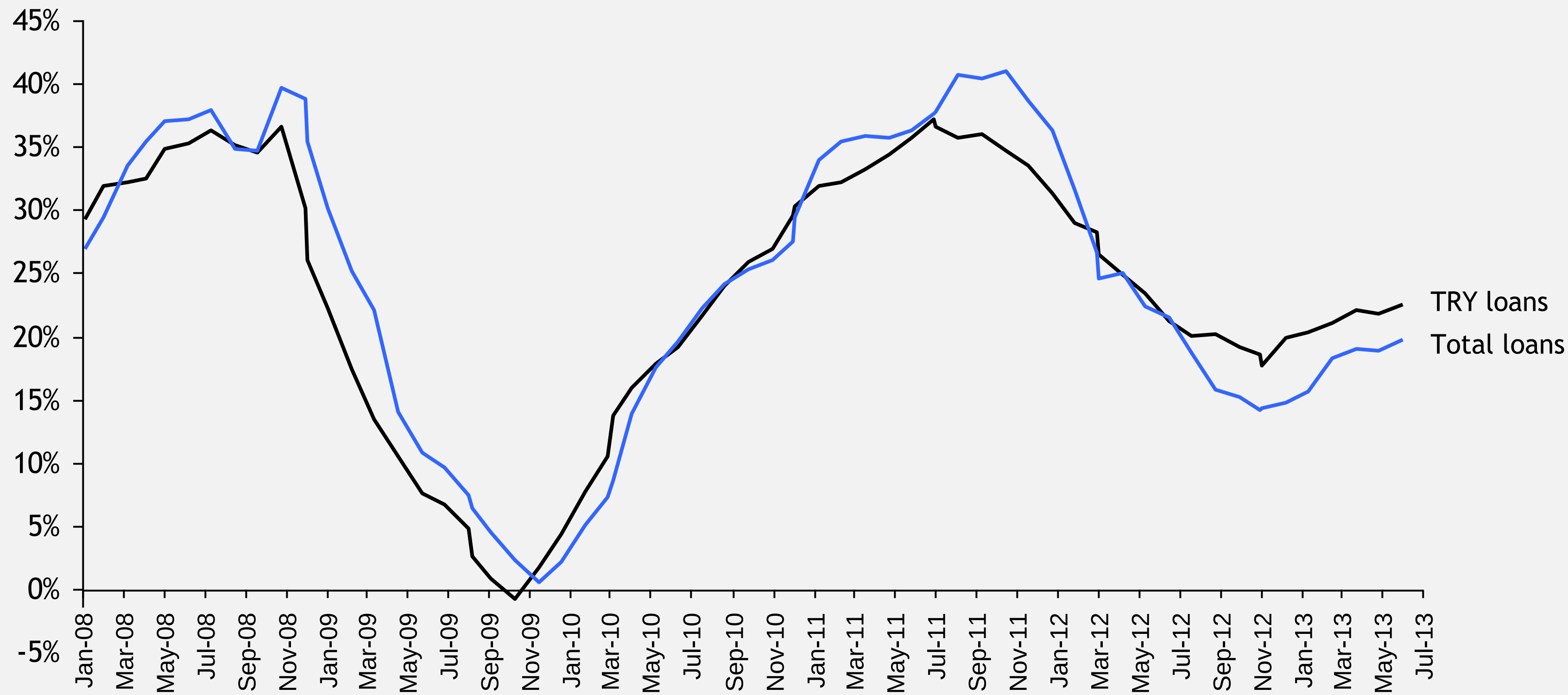
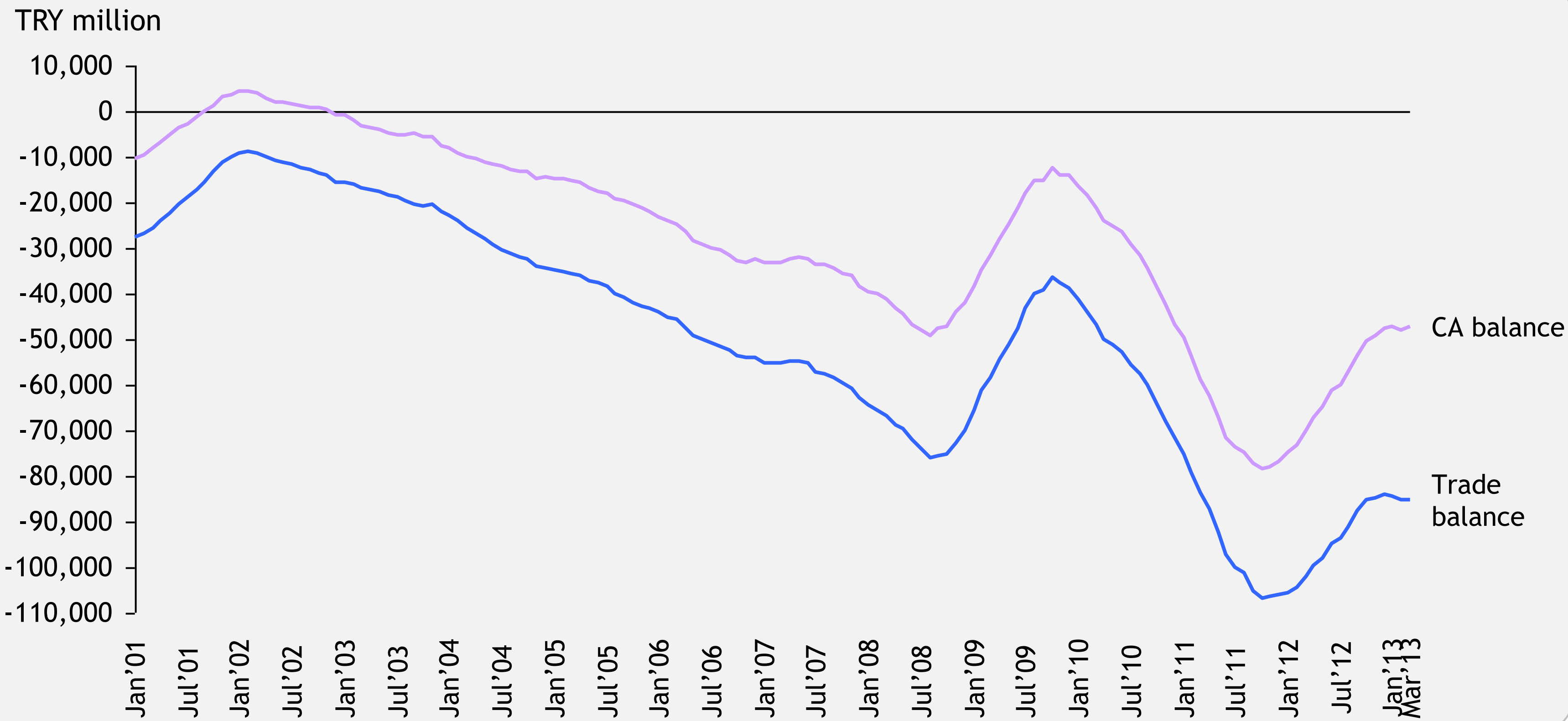
# Credit growth




- Authorities have been monitoring loan growth very closely after a rapid acceleration in 2010. In addition to CBRT's policy mix that includes substantial increases in RRRs and regulatory measures from BRSA curbed the rapid pace of growth in loans to 28.2% in 2011
- After following a downward trend during first three quarters of 2012 on the back of the tight monetary conditions during 1H and slowdown in economic activity, credit growth started to accelerate in the final quarter and ended last year with a YoY growth rate of 18%. Currently, annualized credit growth rate hovers above 20% and we see 2013 YoY credit growth exceeding CBRT's projection at 15%

# External balance




- Thanks to the rebalancing in economy during last year and favourable contribution of gold exports CA deficit / GDP narrowed to 6% in 2012, down from 10% at the end of 2011. Cumulative current account followed a somewhat flat trend in the 1Q of 2013
- Yet, in our view the benign course in external balance has ended. Going forward, we see current account deficit widening to 7.9% of GDP in 2013, on the back of the recovery in domestic demand

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