

# Finansbank Overview with Q3 2012 Financial Results

Investor Relations  
November 2012



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**NBG Group**

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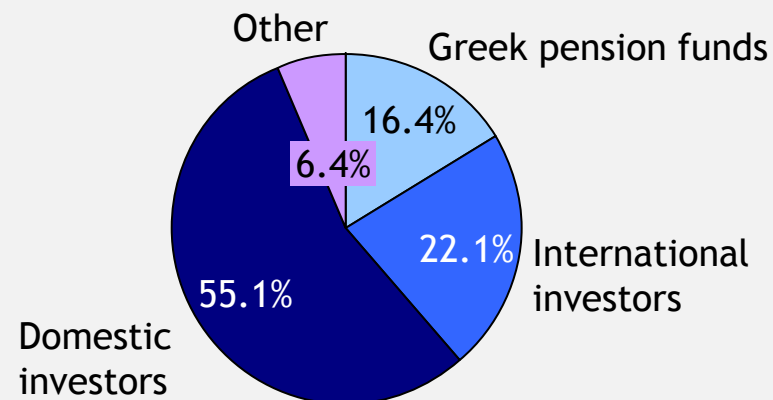
# The NBG Group

## Corporate information

- National Bank of Greece, the oldest Greek commercial bank, heads the largest and strongest financial group in Greece
- The Bank has 516 domestic branches and 1,126 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 8 banks and more than 60 companies (as of Q1'12)
- 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 and shareholder structure, September 30, 2012

	<u>Moody's</u>	<u>S&amp;P</u>	<u>Fitch</u>
• Long-term	Caa2	CCC	CCC
• Short-term	NP	C	C
• Financial strength/ Viability	E		f



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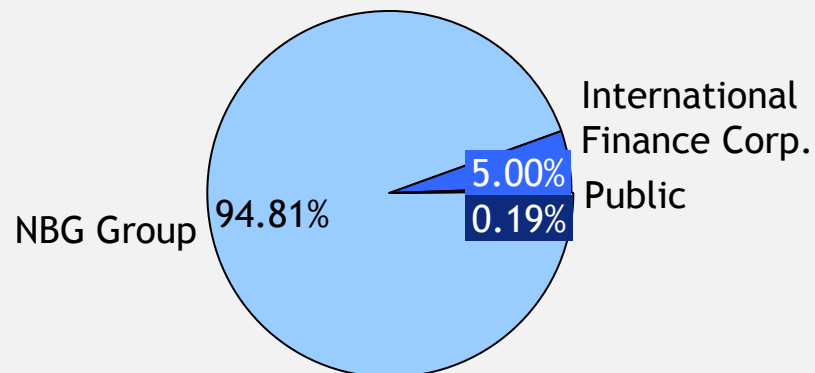
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## At a glance

### Ratings and shareholder structure, July 3, 2012

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 USD 28bn of assets\*
- One of the highest capital adequacy ratio in the sector at 17.2%
- Core Tier 1 ratio is at 14.5%

(Million)	September 30, 2012
Paid-in capital	TRY 2,565 (USD 1,439)
Shareholders' equity	TRY 6,634 (USD 3,723)

\* According to bank only data

## Efficient branch network

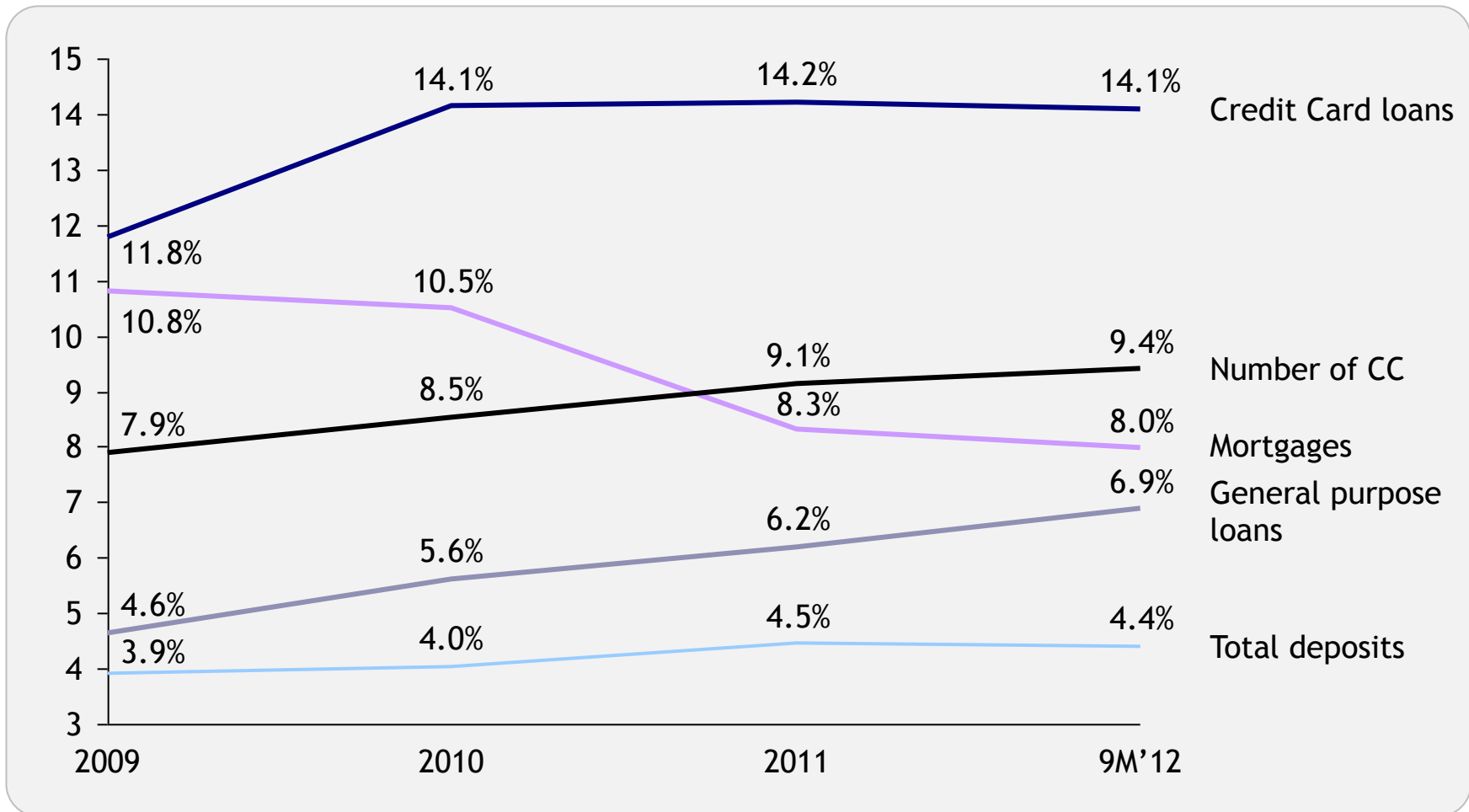
- Comprehensive Turkish network covering 96% of GDP
- One of the youngest networks: 6.7 years average age
- Most productive among peers: TRY 40.5mn retail loans per branch

	2008	2009	2010	2011	Q3'12
Corporate	8	8	4	4	4
Commercial	53	53	5	0	0
Retail	248	251	0	0	0
Consumer	99	99	1	0	0
Joint Branch	0	0	446	479	518
In-store	6	6	11	7	3
Collection points	41	41	32	29	2
Free Trade Zone	1	1	1	1	1
International	1	1	1	1	1
Mobile	1	1	1	1	1
<b>Total</b>	<b>458</b>	<b>461</b>	<b>502</b>	<b>522</b>	<b>530</b>



## Strong presence in retail products

### Selected market shares



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## 9M 2012 financial highlights

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### B/S

- Total assets grew by 8% to reach TRY 49.9bn
- Total loans increased 15% year to date, faster than the growth in the sector, and comprising 71% of assets
- Market share in general purpose loans expanded by 29bps to reach 6.9% QoQ
- Customer deposits increased 3% YtD and reached TRY 29.7bn after having grown 23% in 2011
- Two 6-months TRY bonds worth 400mn and 500mn were issued in Sep'2012
- Shareholders' equity increased 16% in the first 9 months of 2012

### P&L

- NIM expanded by another 6bps to reach 670bps QoQ, bringing the 6 months NIM improvement to 62bps
- Net fees and commissions income grew by a record 35% YoY, reaching TRY 767mn in 9M'12
- Net income reached TRY 231mn, 4% higher than in Q2'12 and 74% higher than in Q3'11, mostly due to the 26% YoY increase in NII together with the strong fee income growth

## Solid financial performance

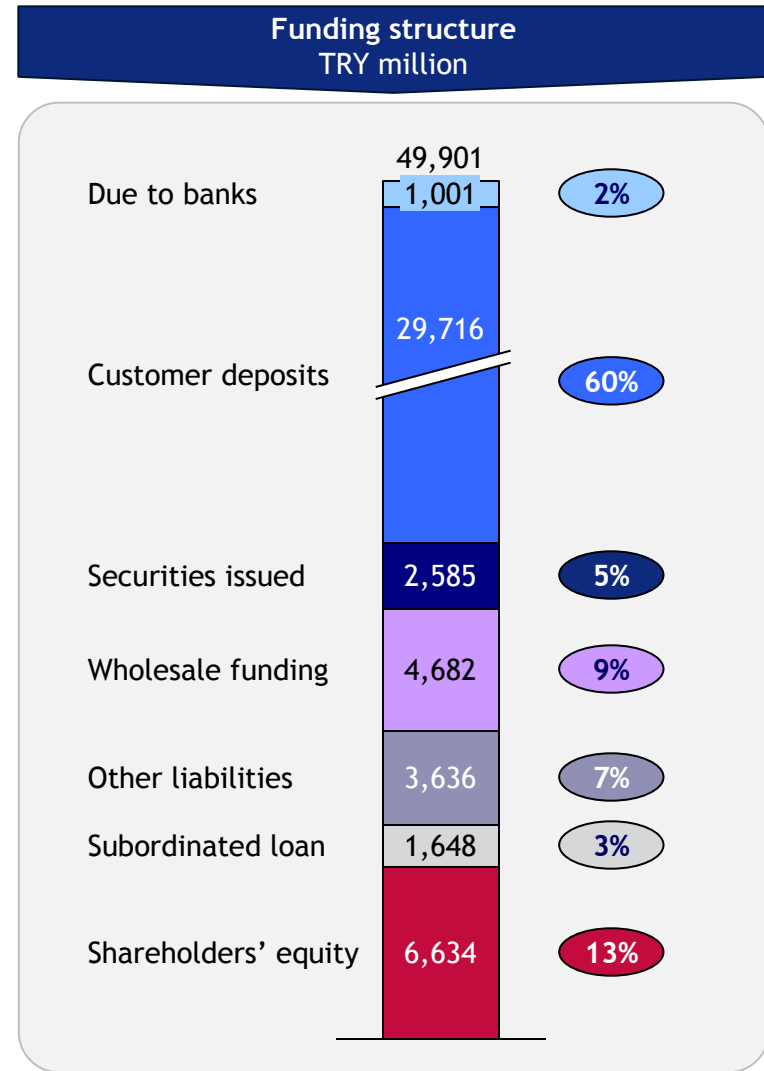
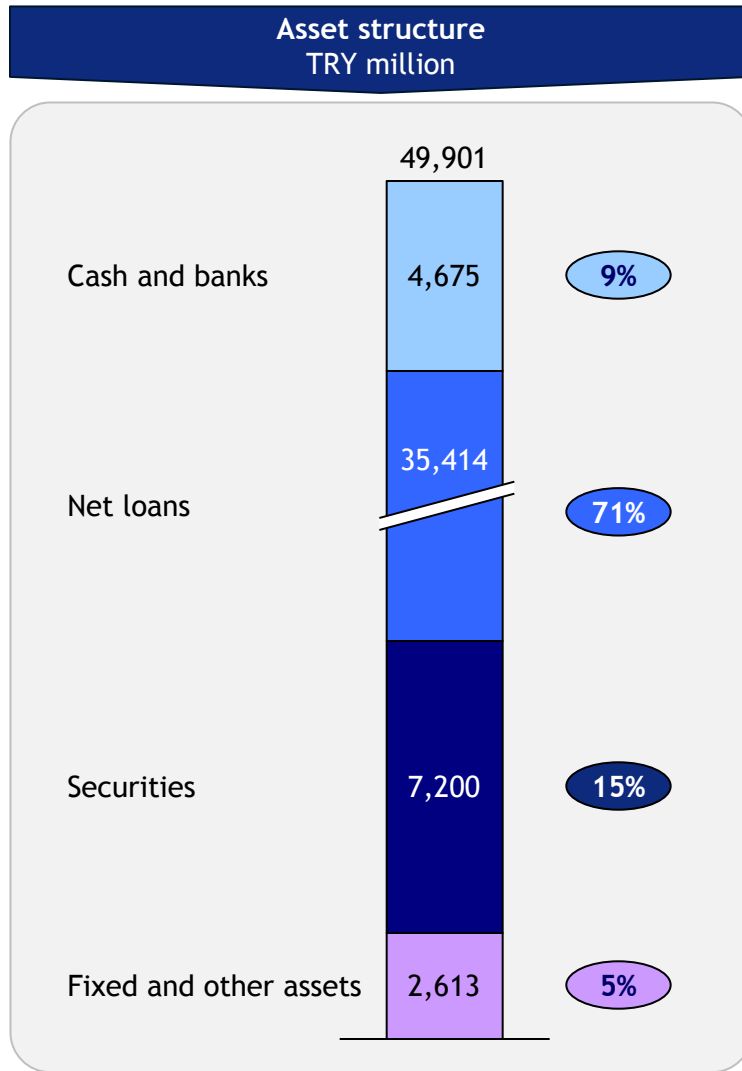
### B/S

	2011		9M'12	
	USD million	TRY million	USD million	TRY million
• Total assets	24,232	46,199	28,003	49,902
• Securities	3,645	6,949	4,040	7,200
• Loans, net	16,175	30,838	19,873	35,414
• Customer deposits	15,206	28,989	16,676	29,716
• Funds borrowed	2,902	5,534	3,508	6,250
• Shareholders' equity	2,988	5,696	3,723	6,634

### P&L

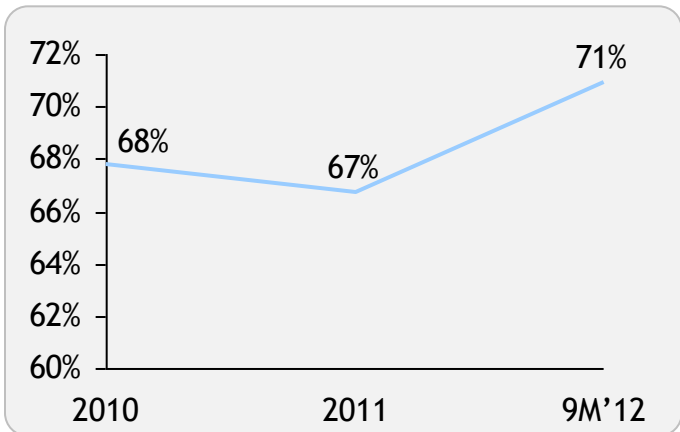
	9M'11		9M'12	
	USD million	TRY million	USD million	TRY million
• Net interest income	1,008	1,644	1,163	2,072
• Provisions	-140	-228	-319	-569
• Adjusted NII	868	1,416	844	1,503
• Net fees and commissions	349	569	430	767
• Opex	709	1,156	716	1,276
• Net Income	374	610	370	660

## Diversified funding with strong deposit base

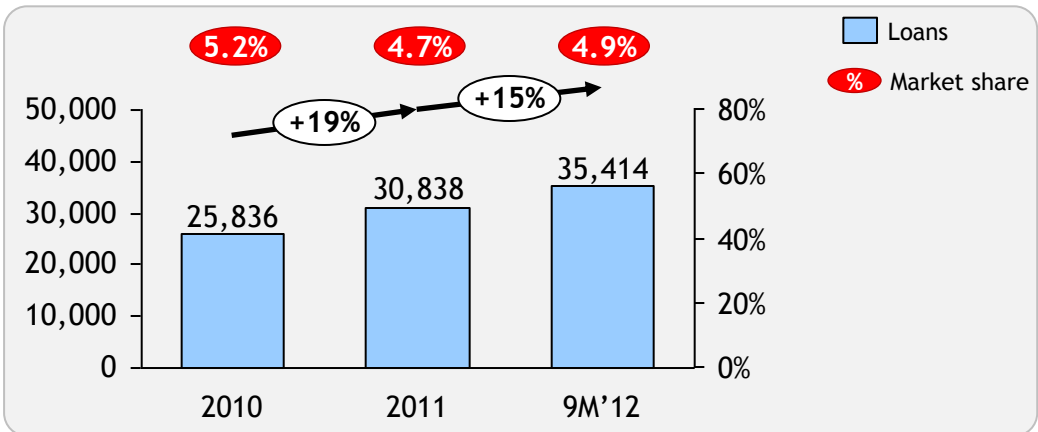


# Focused on real banking

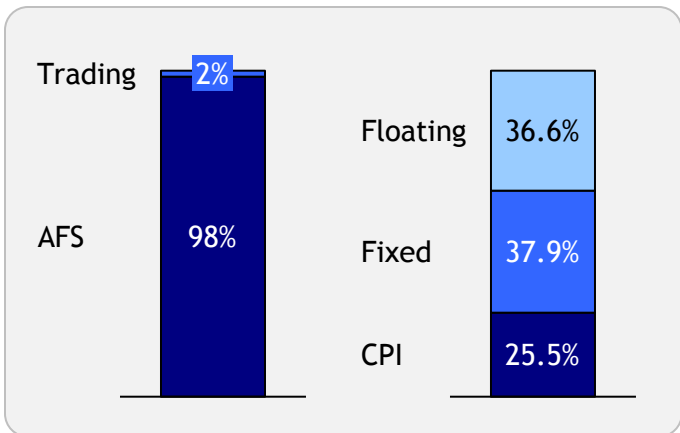
## Loans/Assets



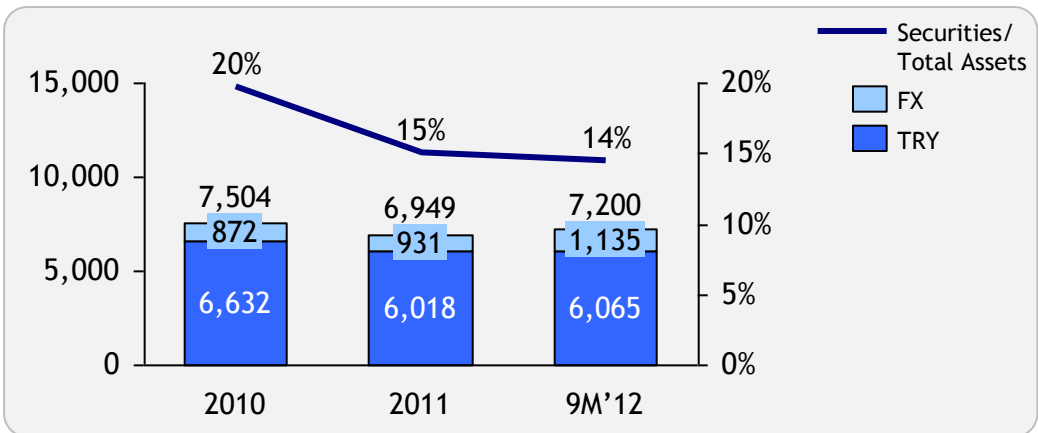
## Net loans (TRY million)



## Securities breakdown



## Securities/Assets (TRY million)



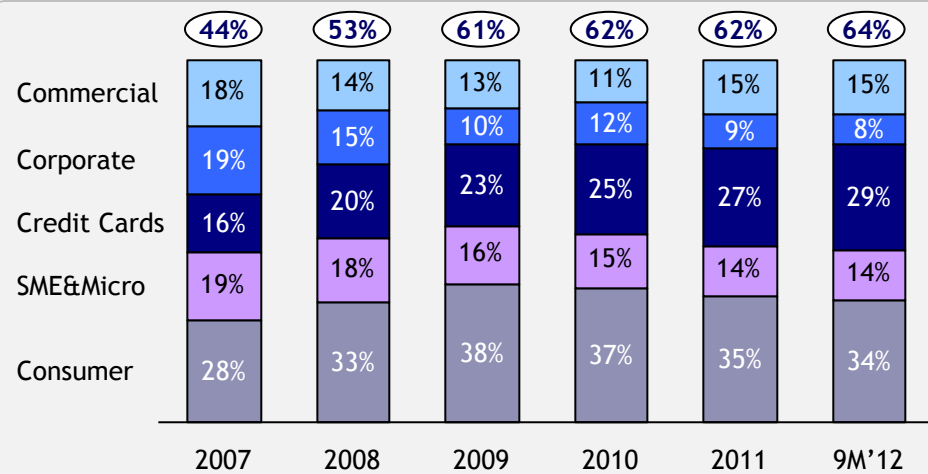
# Significant presence in high margin segments

CC + Consumer

## Business segmentation (By annual turnover)

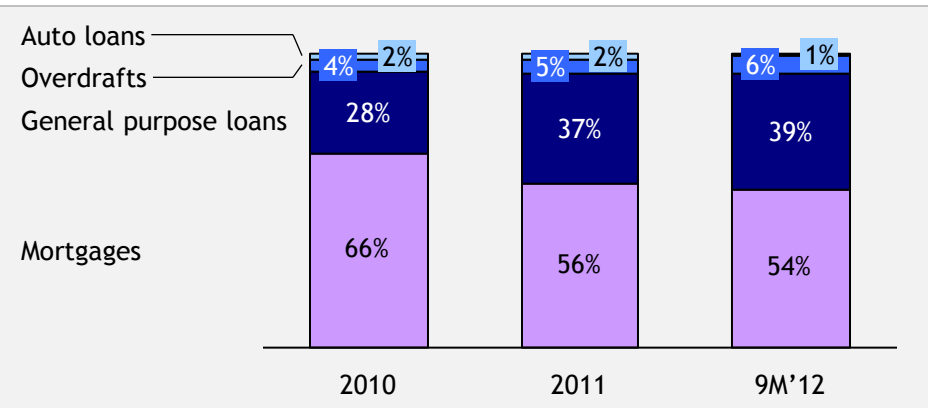
- Corporates  
    > TRY 100mn
- Commercial companies  
    TRY 10mn-100mn
- SME  
    TRY 2mn-10mn
- Micro  
    < TRY 2mn

## Loan breakdown



- General purpose loans contribute 39% of retail loans
- Mortgage loan growth slowing in line with the strategy of the Bank

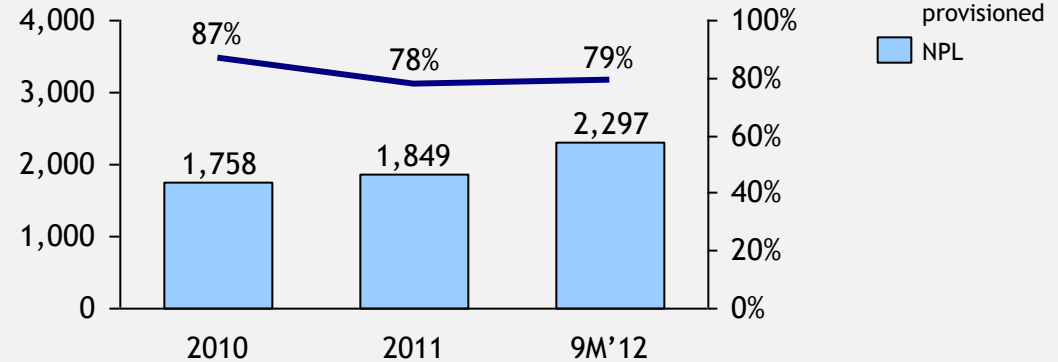
## Retail loans



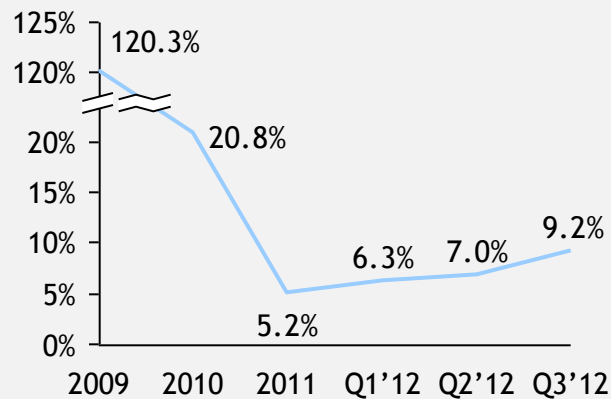
# Maintaining asset quality across the board

- TRY 557mn reserved in general provisions
- TRY 94mn in general provisions spared for possible loan losses
- Very limited loan write-off of TRY 2.2mn in 2011 and TRY 4.4mn in H1 2012
- First time NPL sales of TRY 237mn in Sep'11, which lowered the NPL ratio by 0.5%

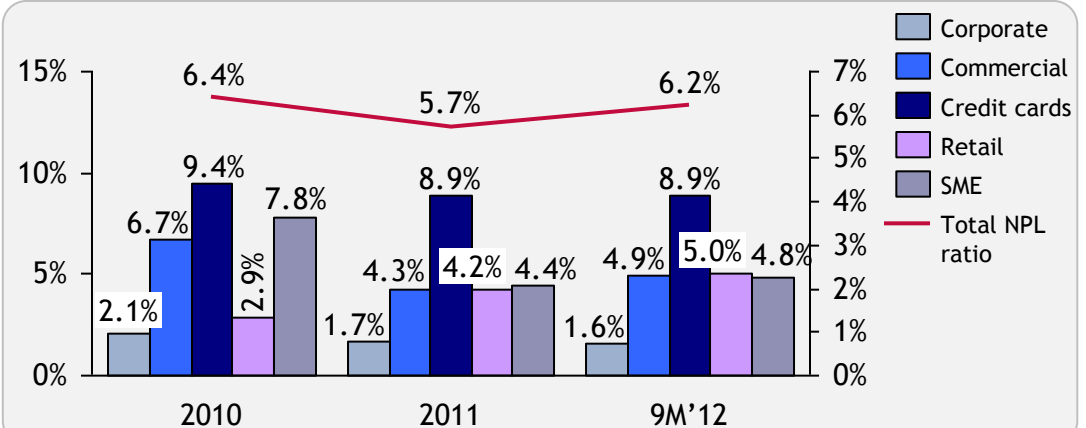
## NPL provisioning



## Increase in NPLs



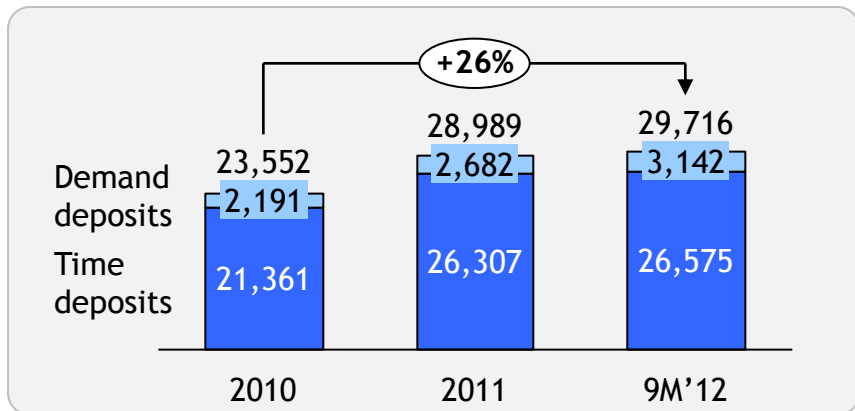
## NPL ratio by segments



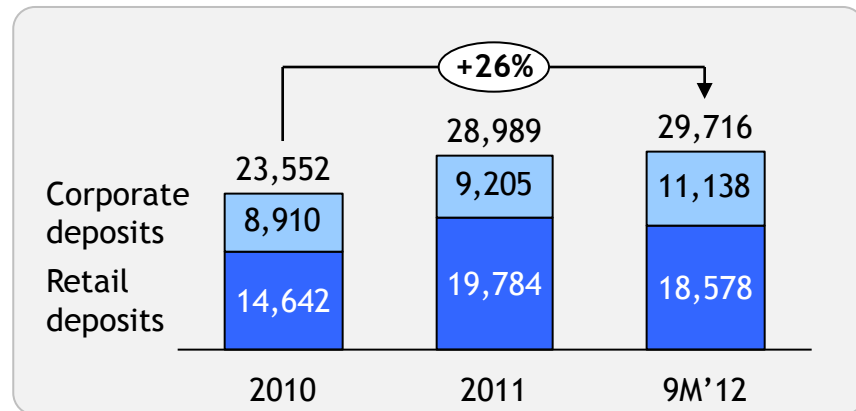
# Growing deposit base

TRY million

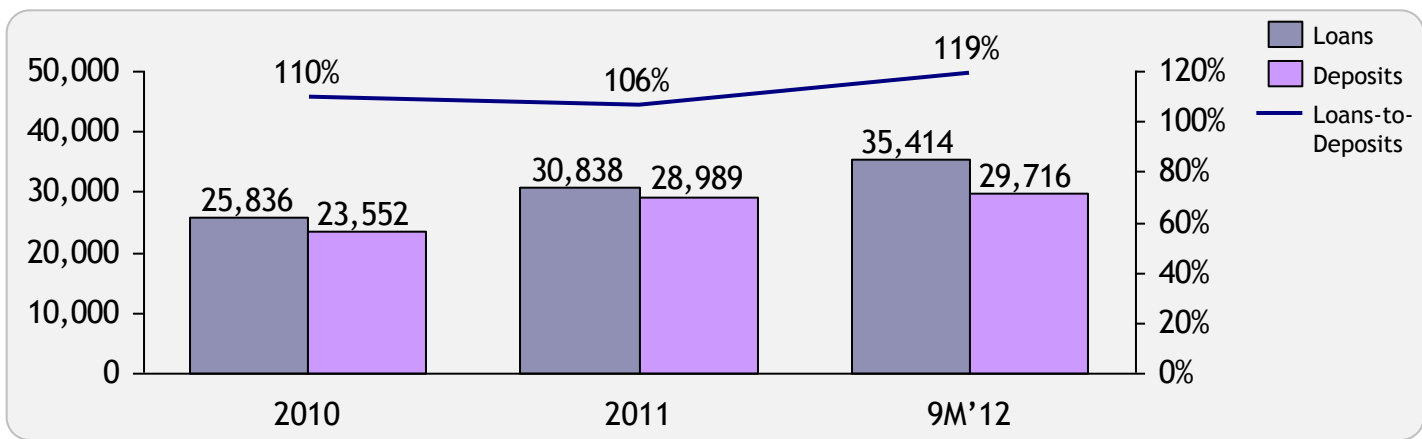
## By type



## By segment



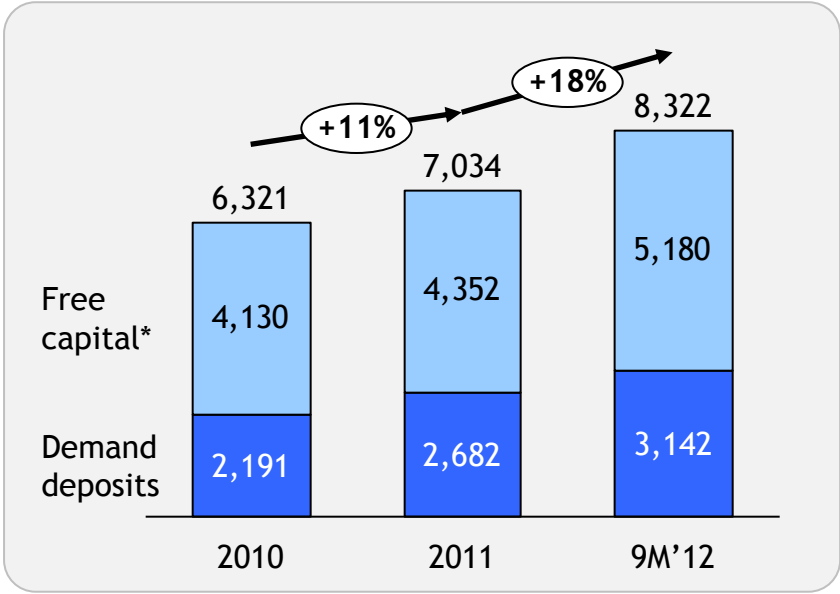
## Loans/Deposits



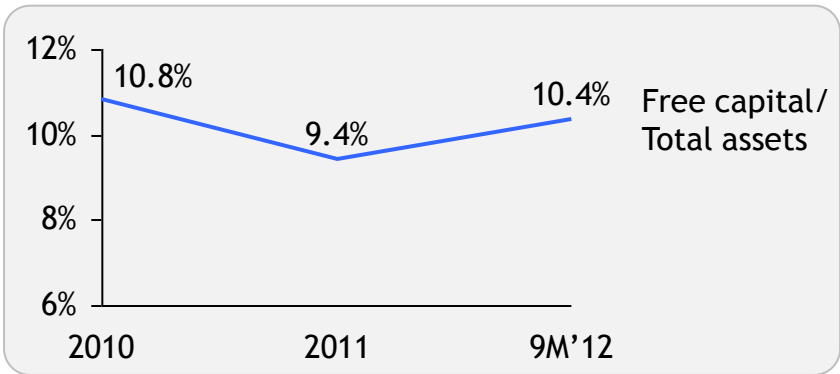
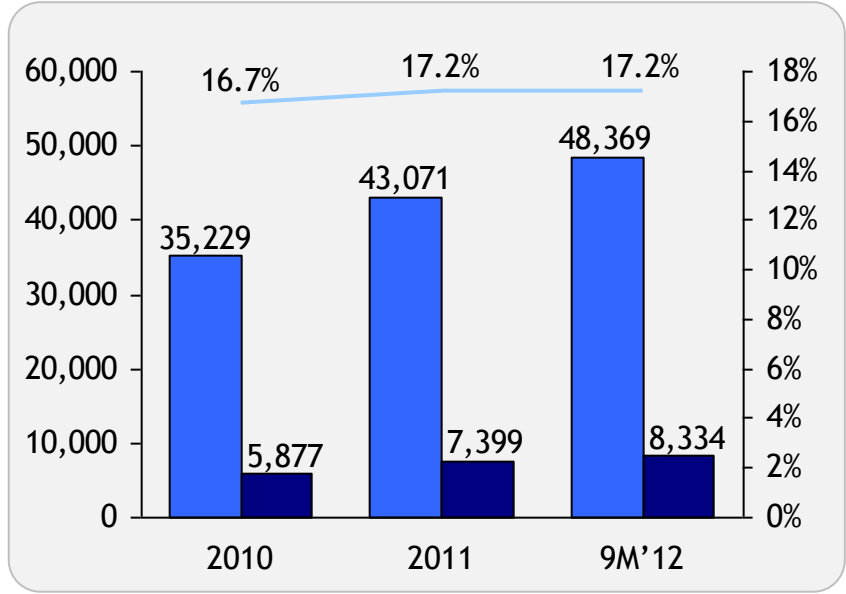
# Strong capital and high liquidity

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

## Free funds



## Capital adequacy ratio (TRY million)



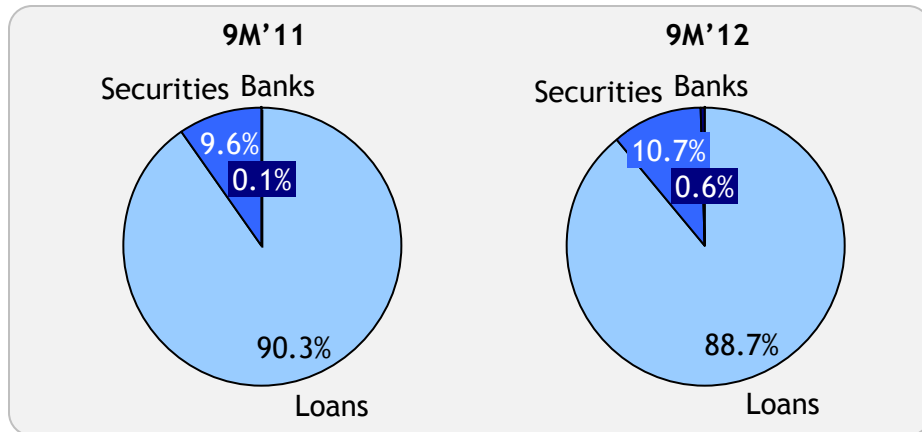
- The new Basel II compliance helped increase Finansbank's CAR by 110bps
- Core Tier 1 ratio is 14.5%

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

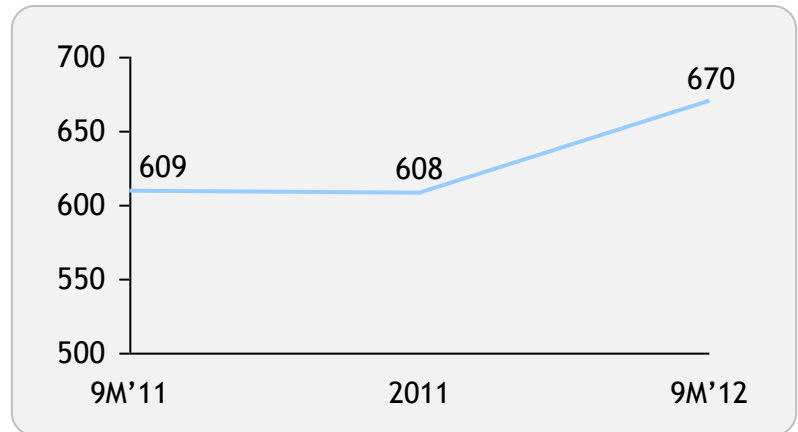


# Robust margins supported by high fee income

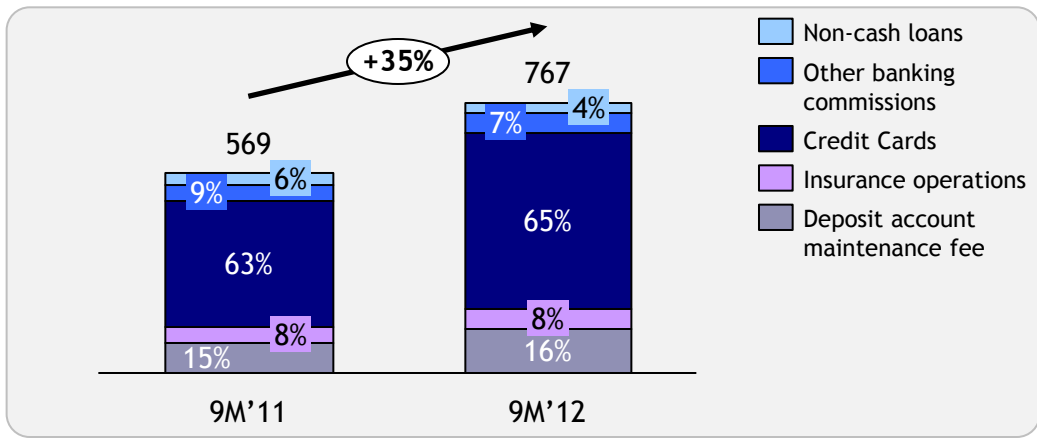
## Breakdown of interest income



## NIM evolution (bps)

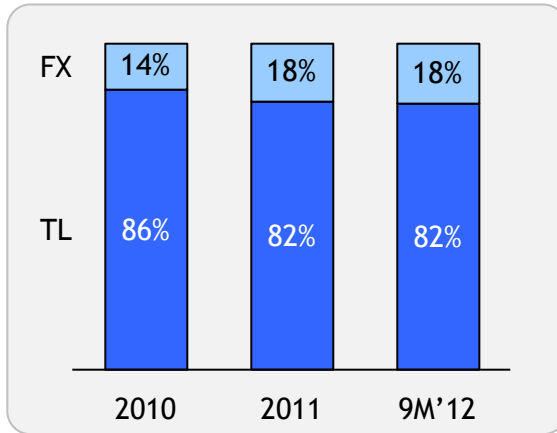


## Net fee income (TRY million)

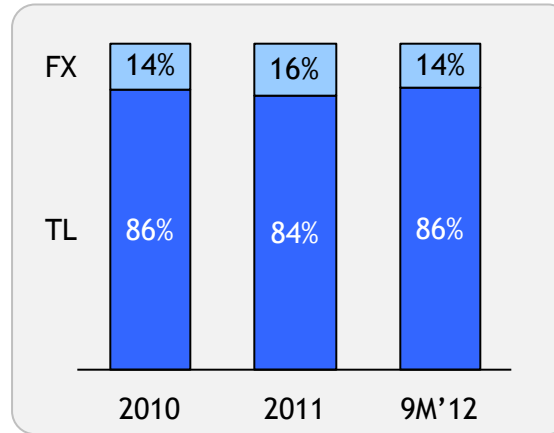


# Higher spread due to TRY dominated balance sheet

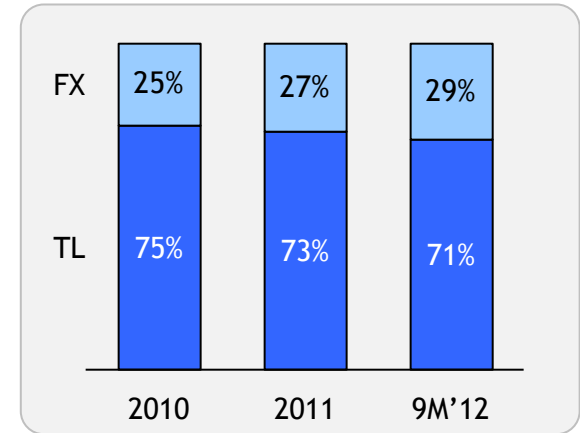
Currency breakdown; Assets



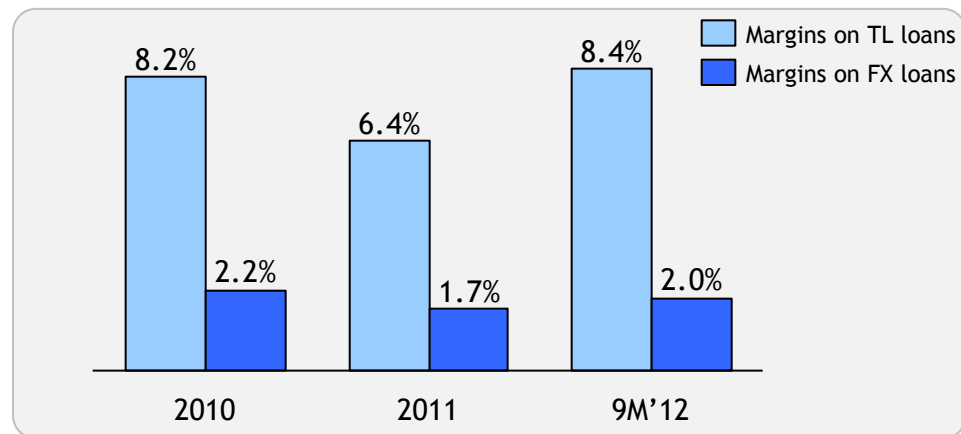
Currency breakdown; Cash loans



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
Syndicated Term Loan USD Tranche	November 2012	USD	220.5	1
Syndicated Term Loan EUR Tranche	November 2012	EUR	210.8	1
TL Bond	December 2012	TL	700	0.5
TL Bond	March 2013	TL	400	0.5
TL Bond	March 2013	TL	500	0.5
TL Bond	May 2013	TL	750	0.5
Bond/Swap (USD / TL)	March 2013	USD	110	7
DPR Securitisation	February 2015	USD	1	3
Eurobond	May 2016	USD	500	5
Eurobond	November 2017	USD	350	5
EIB	May 2017	EUR	92	7
Subordinated Debt from NBG in 2008	October 2018	USD	325	10
Subordinated Debt from NBG in 2009	October 2019	USD	200	10
	December 2019	USD	125	10
Subordinated Debt from NBG in 2011	December 2021	USD	260	10
<b>Total</b>		<b>USD</b>	<b>3,792</b>	

Source: Finansbank (November 2012). USD/TL = 1.7908; EUR/TL = 2.2936 as of 20.11.2012, CBRT

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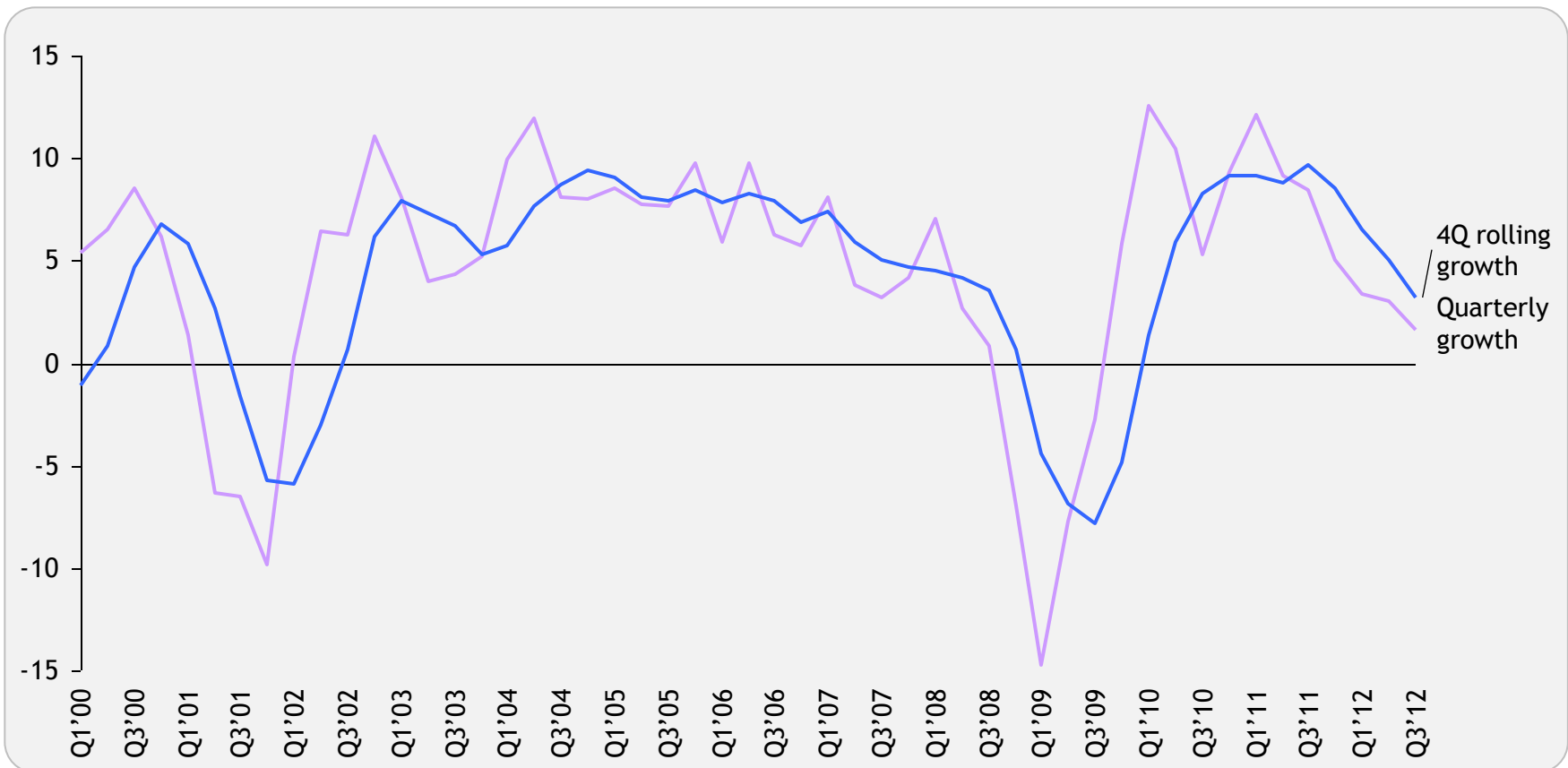
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## Key macroeconomic data

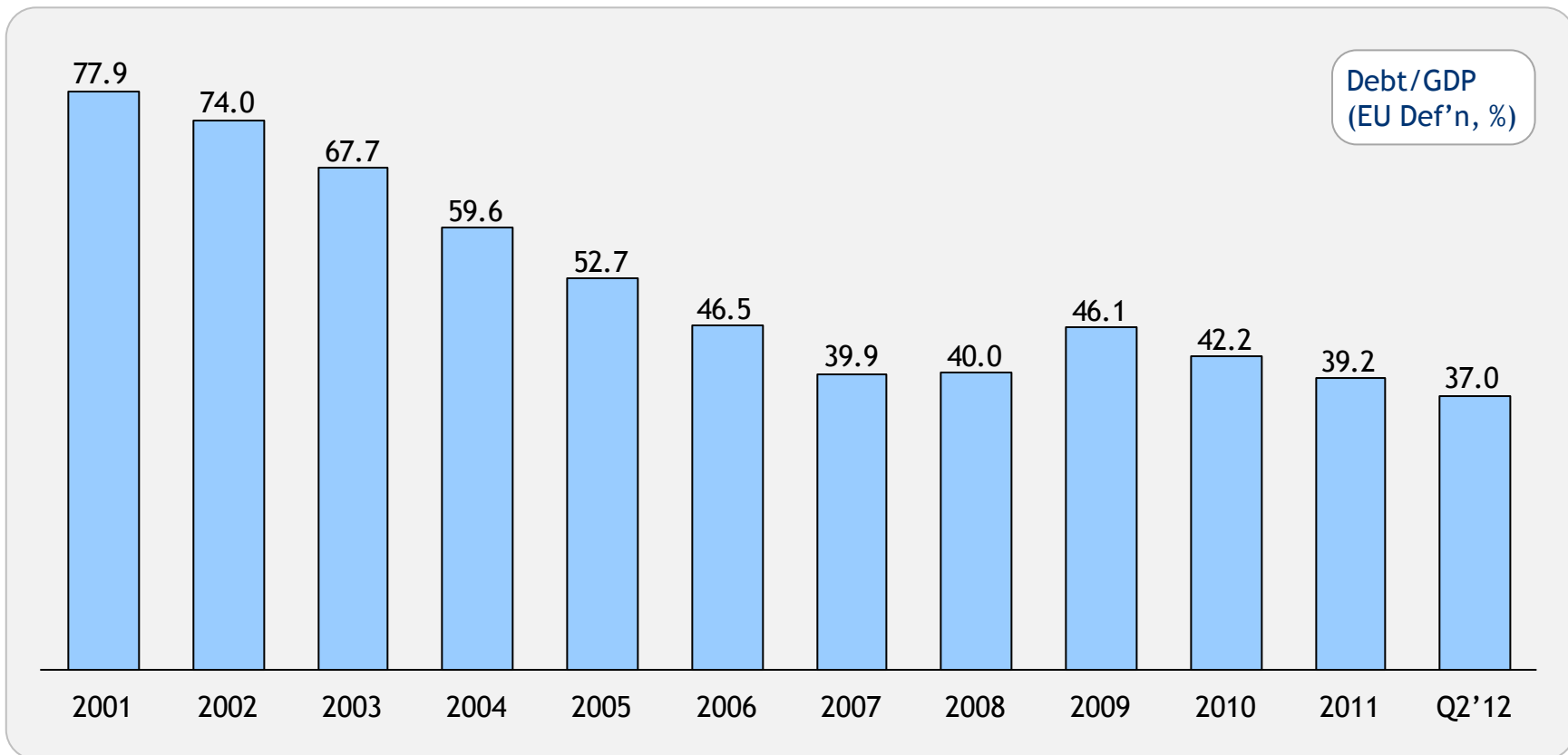
	30/09/2012	30.06.2012	31.12.2011
USD/TRY	1.7971	1.8083	1.8909
EUR/TRY	2.3108	2.2905	2.4498
Central Bank Policy Rate	5.75%	5.75%	5.75%
Nominal treasury bill interest rate (eop)	7.56%	8.58%	10.95%
PPI	4.03%	6.44%	13.33%
CPI	9.19%	8.87%	10.45%
Consumer Confidence Index	88.80	91.80	92.00
<i>in USD (mn)</i>			
GDP	771,705	765,123	774,188
Exports (Goods) Y-o-Y	148,448	143,633	134,907
Imports (Goods) Y-o-Y	(236,142)	(238,496)	(240,842)
Trade Balance on Goods Y-o-Y	(87,694)	(94,8630)	(105,935)
Current Account Deficit Y-o-Y	55,801	63,177	76,986
Primary Surplus (TRY mn) Y-t-D	25,183	19,957	24,774
Central Bank FX Reserves	94,800	83,050	78,330
<b>Turkish Banking System (TRY bn)</b>			
	<b>30/09/2012</b>	<b>30.06.2012</b>	<b>31.12.2011</b>
Assets	1,308.50	1,273.70	1,217.70
Loans to Assets	57.74%	57.88%	56.08%
Securities to Assets	21.24%	22.32%	23.40%

## Economic activity - GDP growth rates



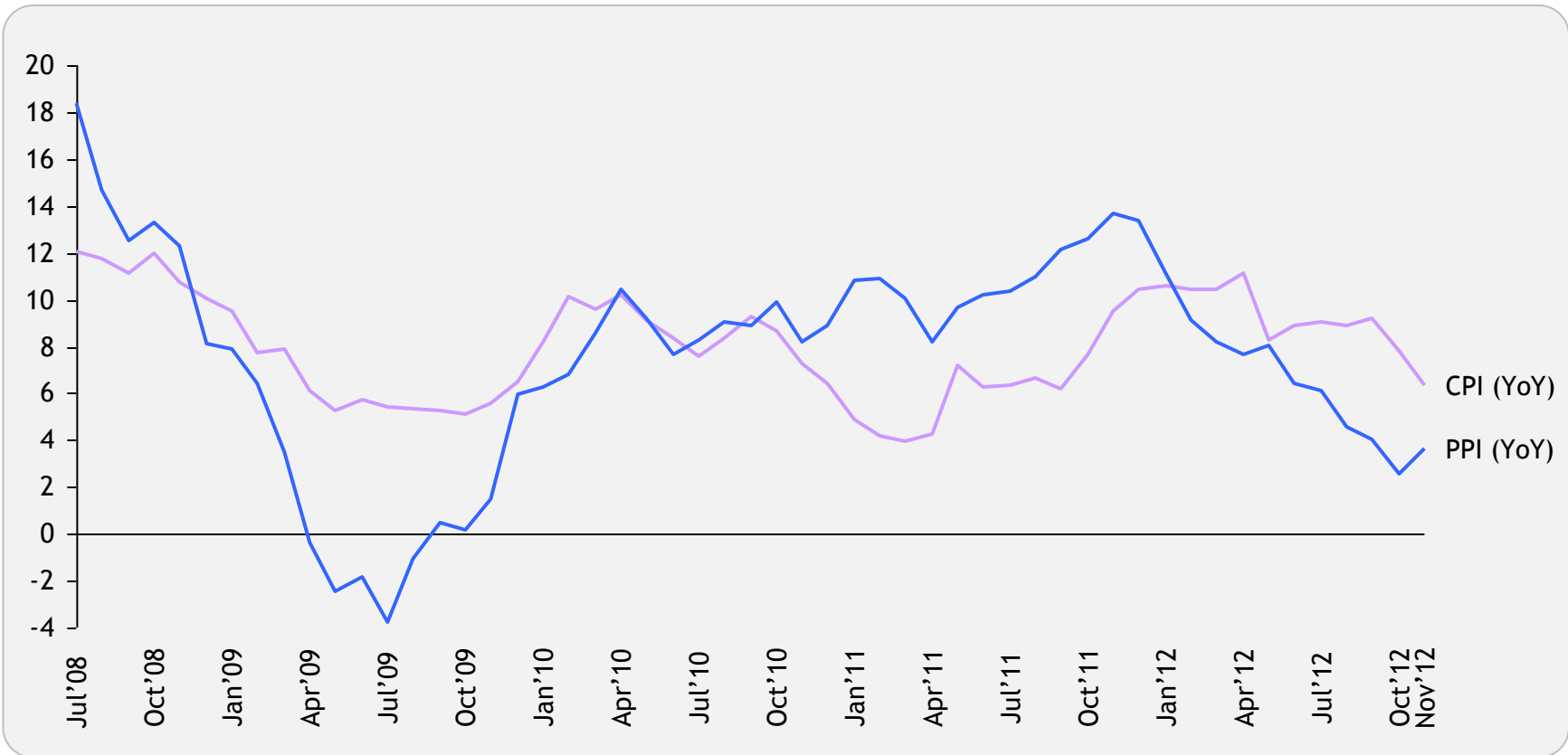
- GDP growth stands at 2.6% in the first three quarters of 2012 after having expanded by 8.5% in 2011. Anticipating a pick-up in economic activity in the final quarter, we see a FY GDP growth of 2.9% which is more conservative than official target at 3.2%
- On the other hand, we are more bullish regarding growth prospects in 2013, and we see next year's growth rate at 5.3%, above official forecast at 4%

## 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 37% in Q2'12

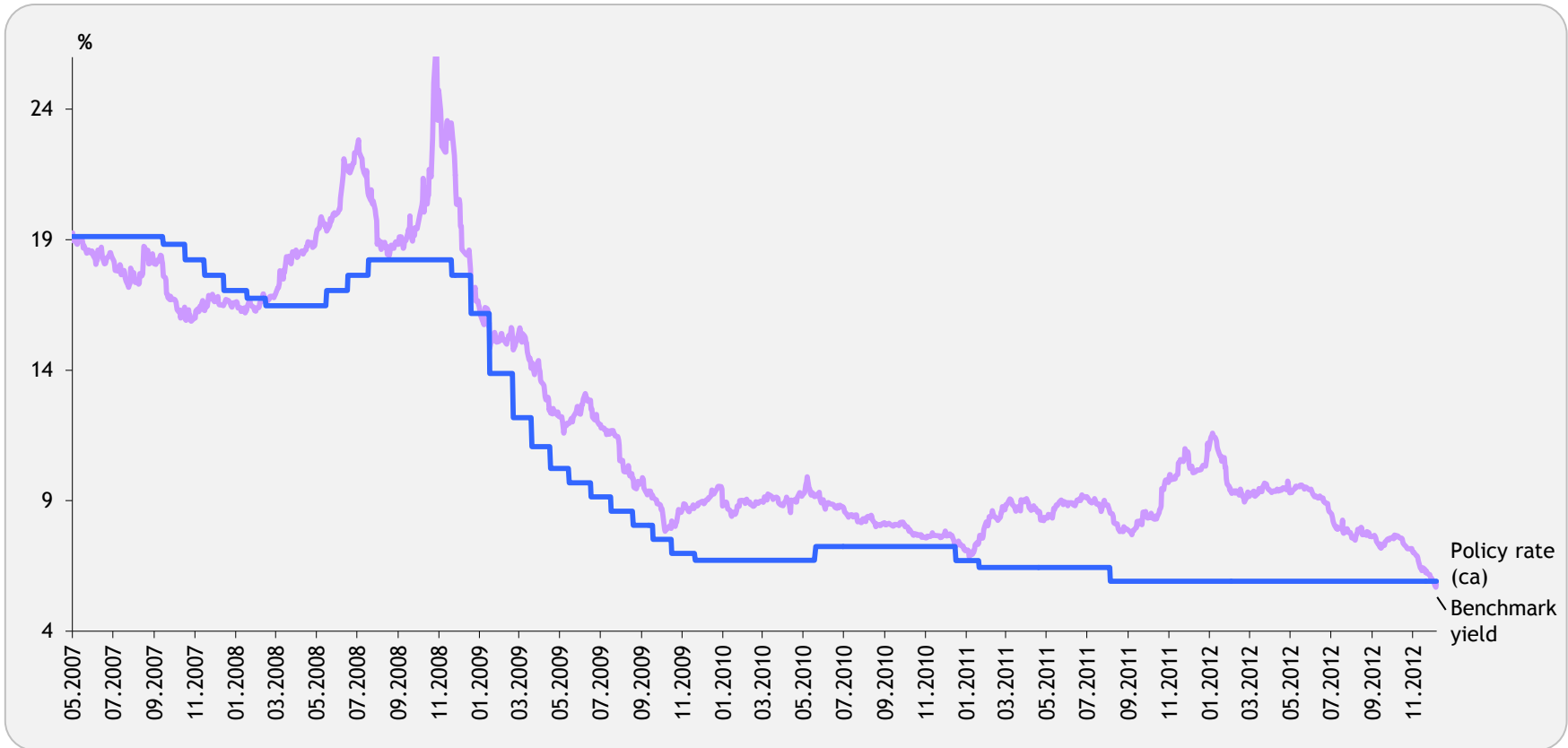
## Inflation outlook



- After easing to 3.99% as of end-Q1'11 lowest level of last four decades, YoY inflation climbed to 10.45% by end-2011 on the back of administrated price hikes and currency weakness. Annual inflation stood at double digits in the first four months of 2012 and hit 11.14% in April, highest level since October 2008
- Headline CPI returned to single digit as of May and eased to 6.37% in November, especially due to the benign course in food prices. We see annual CPI ending 2012 within 6-6.5% range, i.e., below the ceiling of target uncertainty band at 7%

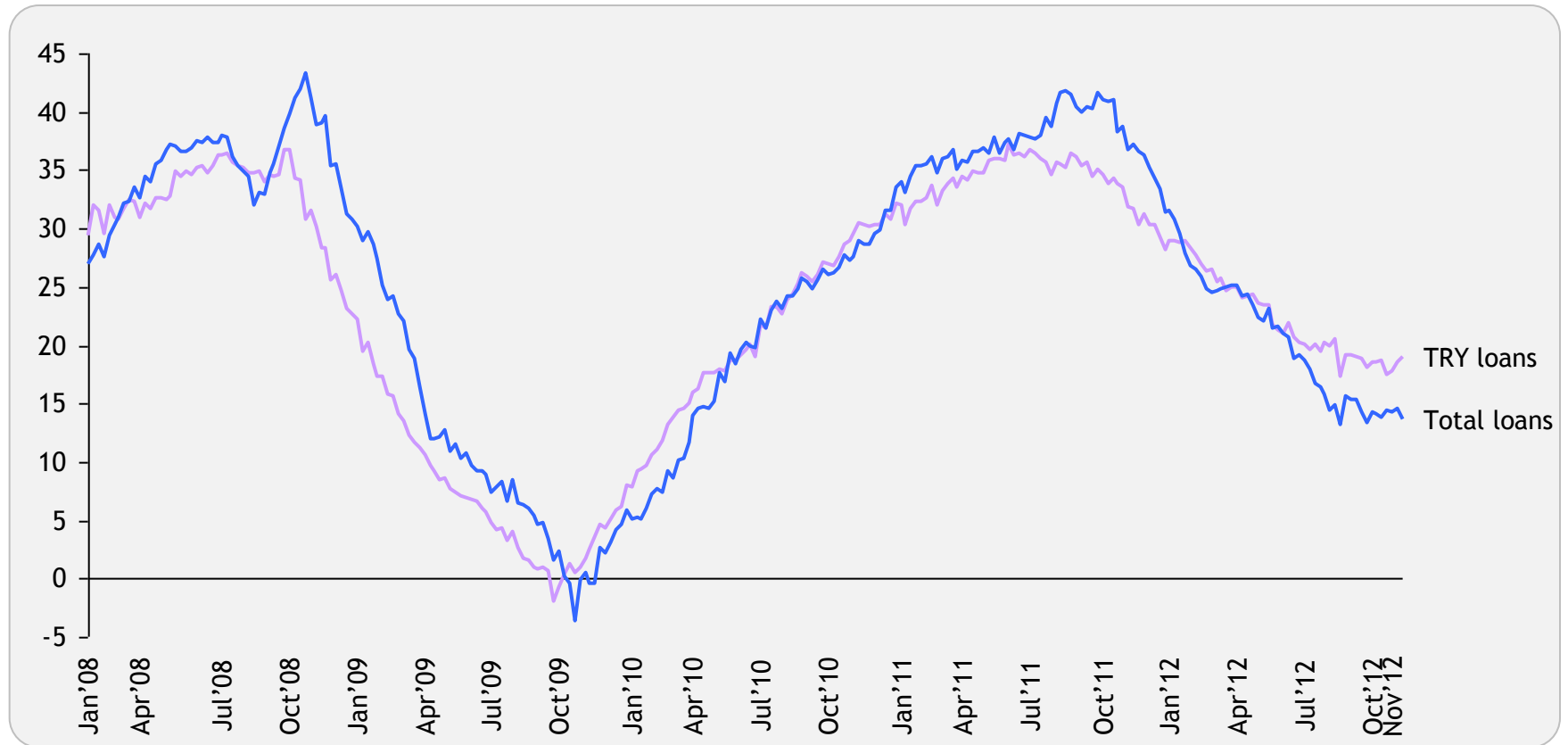


# Monetary policy



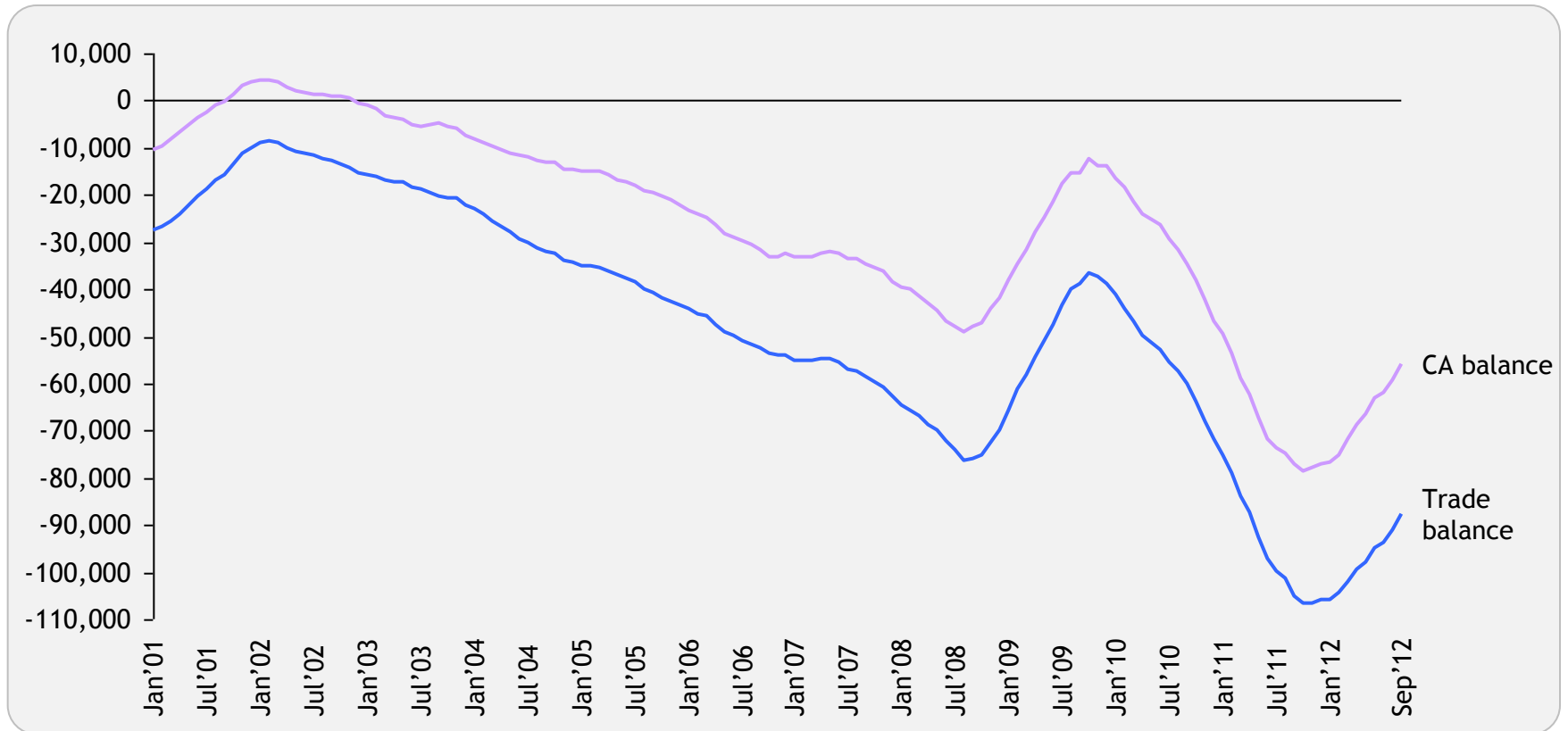
As a net lender to the market, CBRT adjusts the amount of liquidity it provides to banking system via weekly and monthly repo auctions by using interest rate corridor. During late December 2011- early June 2012 period, CBRT implemented additional monetary tightening measures to contain deterioration in pricing behavior and inflation expectations. 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%. Following Turkey's rating upgrade in November, CBRT signaled that a cut in the policy rate and/or O/N borrowing rate might be on the agenda in order to ensure financial stability. We think a cut in the policy rate should be reserved for stronger appreciation pressures on TRY and hence, expect a cut in the O/N borrowing rate

## 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. Given tighter monetary stance and slowdown in economic activity, we saw further deceleration in loan growth in the first three quarters of this year
- Yet, the trend flattened since the beginning of Q4 and we expect loan growth to gain momentum as domestic demand picks up

## External balance



- As Turkish economy recovered vigorously from the 2008-09 crisis, external deficit started to widen. CA deficit reached 6.4% and 10% of GDP in 2010 and 2011, respectively
- CA deficit / GDP narrowed to 7.2% in Q3'12 from 10% at the end of 2011. This is in line with our expectation that cumulative external deficit will bottom out in October and then start to widen again as the recovery in domestic demand will weigh on import bill. Looking forward, we remain confident that yearend CA deficit will be around 7% of GDP before starting to widen again in 2013 as growth picks up

## Contact information

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### Investor Relations

Büyükdere Cad. No.129 34394 Gayrettepe/Istanbul

**E-mail:** SEHSUVAR.ALADAG@finansbank.com.tr

**Tel:** +90 (212) 3185207

**Web:** [www.finansbank.com.tr](http://www.finansbank.com.tr)

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