



# Investor Presentation with 9M'19 Financials

# Executive summary

## **Turkey's growth recovers while the potential remains solid**

- The Turkish economy presents a strong opportunity among emerging markets due to its large size and highly attractive demographic profile, which is resilient to the transient fluctuations in the economic activity;
- On the back of the recent improvements in the price dynamics, declining inflation expectations and supportive external conditions, the CBRT cut the policy rate by 10% in total to 14.0% in the three MPC meetings in July-October period; and
- GDP grew by 1.2% quarter-on-quarter in 2Q, expanding for the second consecutive quarter. The economic data implies resilient economic activity in 3Q despite relatively tight financial conditions. With recent front-loaded easing in the financial conditions, incipient recovery is to gain momentum in the Q4.

## **One of the Top Performing Banks in the Market**

- QNB Finansbank is one of the strongest players in the market ranked 5<sup>th</sup> across most categories amongst privately owned banks;
- QNB Finansbank has a very strong distribution network balanced between a branch footprint covering 99% of banking business in the market and best in market digital offerings; and
- QNB Finansbank has shown strong financial performance, beyond its scale, even in the most volatile market conditions, driven by differentiation, adaptability and bringing the right people together.

## **Strong Shareholder Supports QNB Finansbank for Future Growth**

- QNB stands out as the strongest rated main shareholder among Private Turkish Banks;
- QNB is the largest bank in the Middle East and Africa by all critical measures and has the highest ratings among all banks with a presence in Turkey;
- QNB's presence across a wide geography overlaps well with Turkey's key foreign trade partners, bringing opportunities in this area;
- QNB Finansbank's launch of its new brand has been very successful, and is translating to successful expansion of its customer franchise in potential growth areas; and
- Following the QNB acquisition, QNB Finansbank has added a new growth chapter in its successful history, capturing Corporate and Commercial Banking market share, while sustaining its success in Retail and SME Banking.

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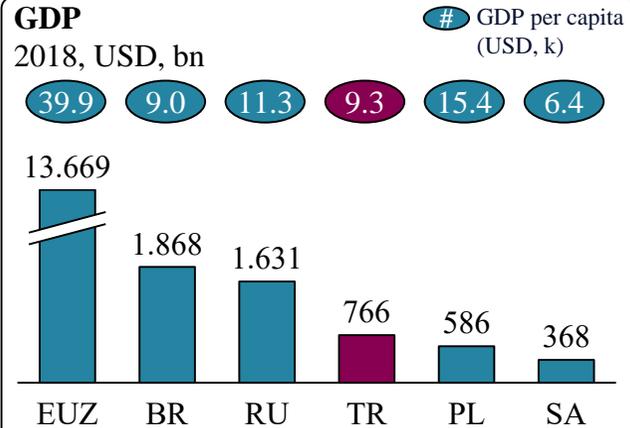


# Macro-economic Overview

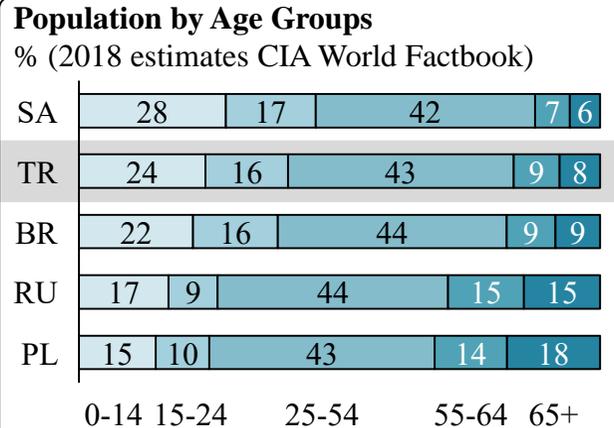
# Structurally attractive Turkish economy

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

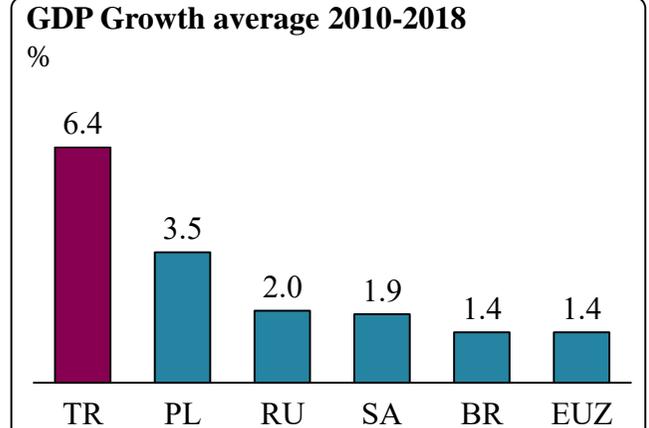
## Large economy with low GDP / capita...



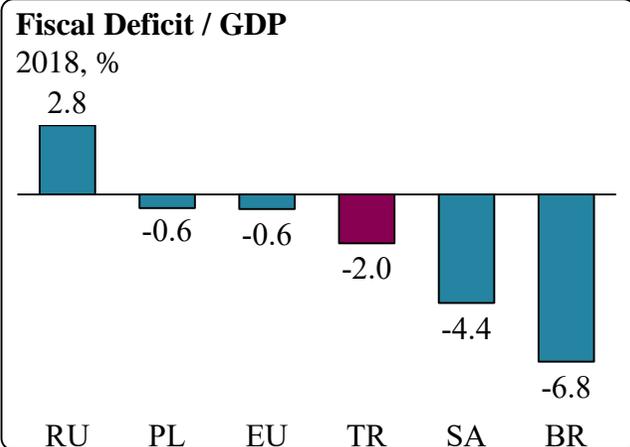
## ...and highly attractive demographic profile



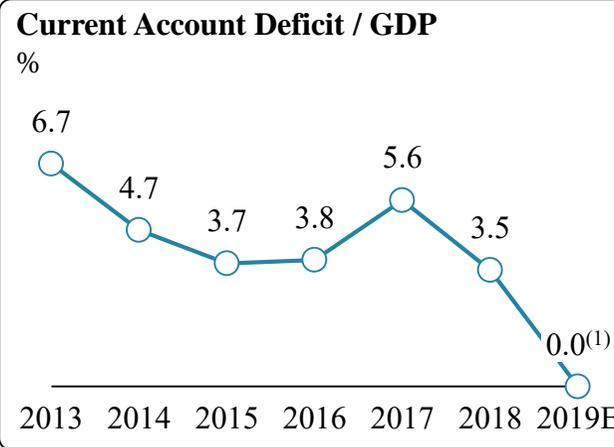
## ... generating high real GDP growth



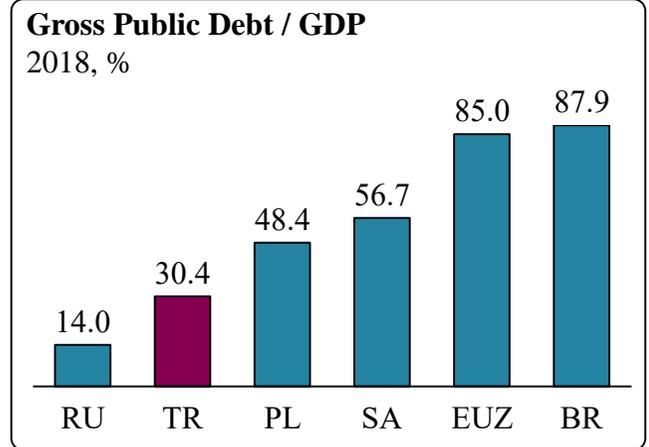
## Low fiscal deficit...



## ... and improving external deficit...



## ... with low public debt

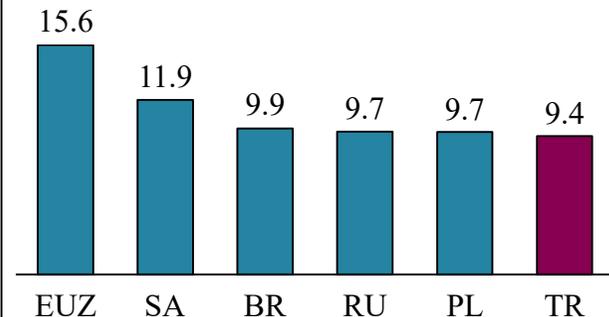


# Sound banking system with inherent growth potential

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

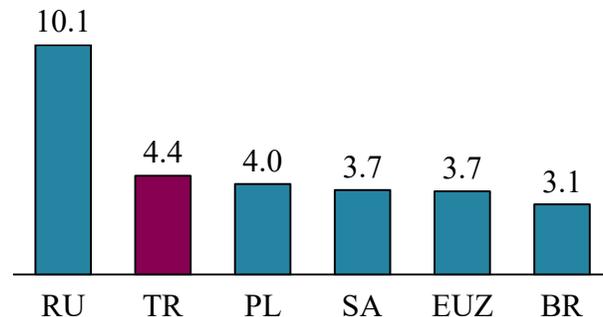
## Relatively low leverage ratio...

**Leverage ratio<sup>(1)</sup>**  
 Q2'19, x



## ...and contained NPL levels...

**NPL ratio<sup>(2)</sup>**  
 Q2'19, %



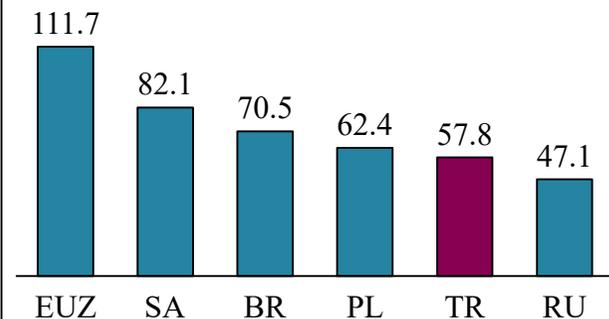
## ... with strong profitability characteristics

**Banking Sector Pre-tax RoA<sup>(3)</sup>**  
 2010-2019 average, %



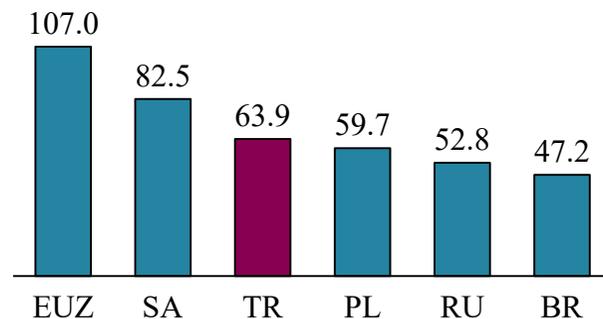
## Further growth potential in deposits...

**Deposits / GDP**  
 Q2'19, %



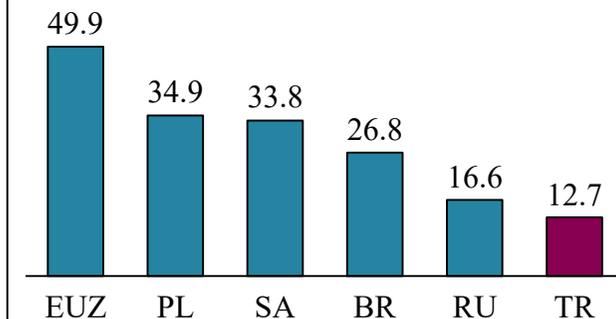
## ... feeding overall lending...

**Loans / GDP**  
 Q2'19, %



## ... as well as retail lending growth potential

**Household debt / GDP**  
 Q2'19, %



<sup>(1)</sup> Latest data Q1'19 for EUZ (for significant institutions as designated by ECB); Q4'18 for SA and BR; and Q3'18 for RU and PL

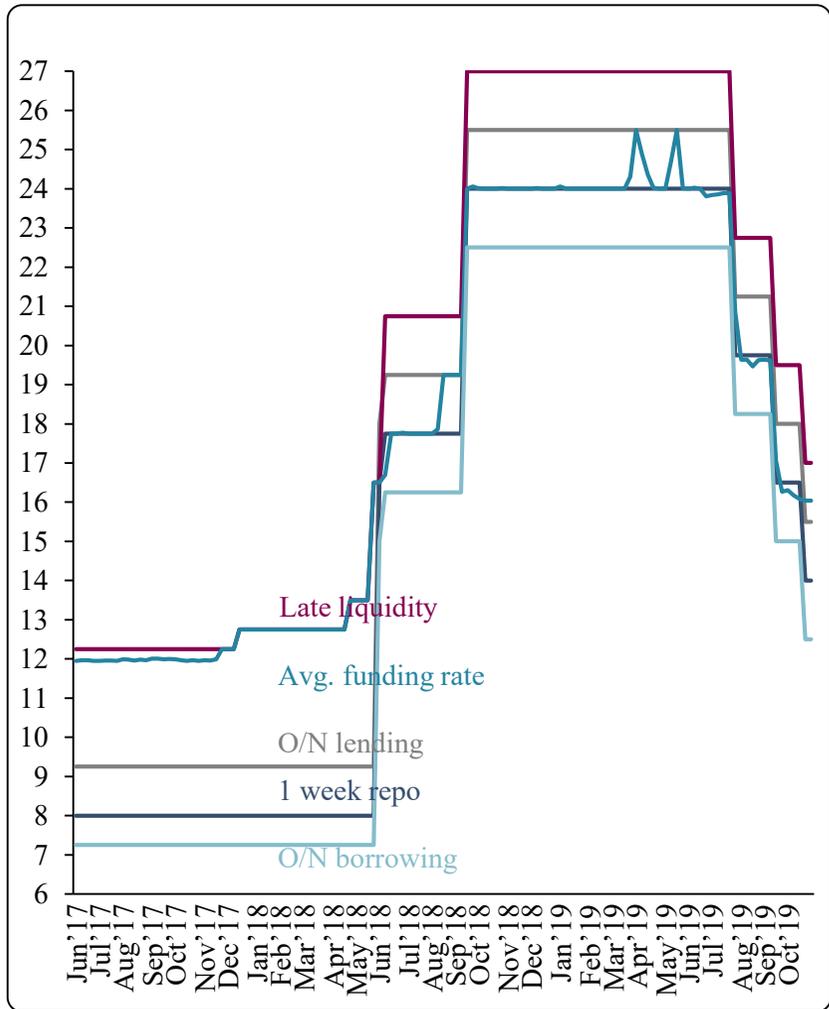
<sup>(2)</sup> Latest data Q1'19 for EUZ (for significant institutions as designated by ECB), PL and BR; Q4'18 for SA and RU

<sup>(3)</sup> Latest data Q2'19 for TR; Q1'19 for BR and PL; Q4'18 for SA and RU

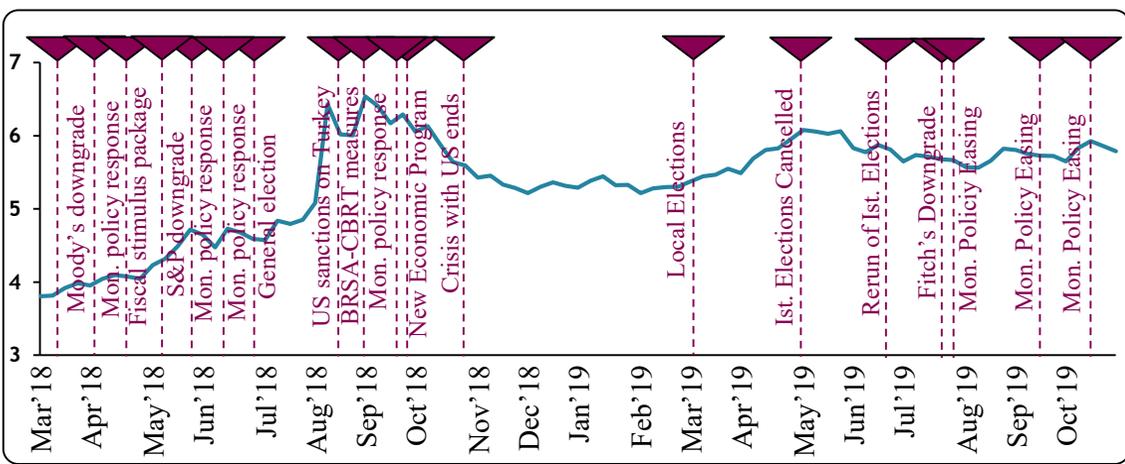
Source: Thomson Reuters - Data Stream, ECB, BRSA, Turkstat

# Monetary policy eases as disinflation resumes

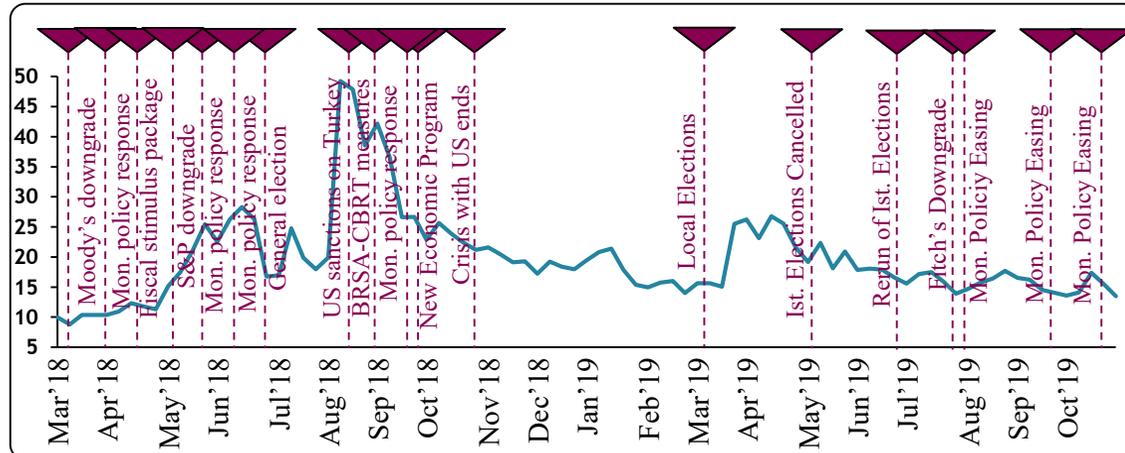
## Central Bank rates



## Tight monetary policy has helped to stabilize TRY against USD



## Evidenced also by options implied volatility retreating back to pre-stress levels

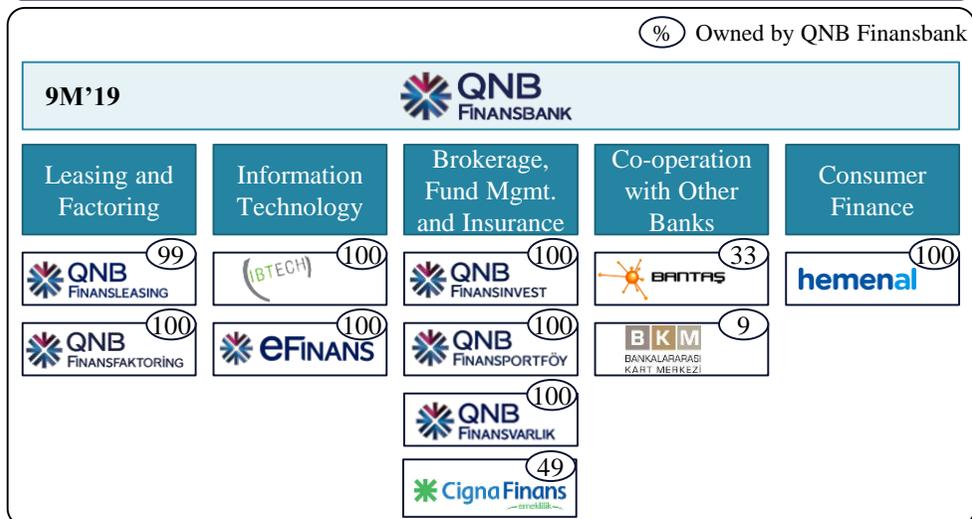




# **QNB Finansbank and QNB Group at a Glance**

# QNB Finansbank: 5<sup>th</sup> Largest Privately Owned Universal Bank<sup>(1)</sup>

## QNB Finansbank group structure



## Financial highlights

QNB Finansbank BRSA bank only financials	9M'19
TRY, bn	Eop
Total assets	174.2
Net loans	103.6
Customer deposits	94.4
Shareholder's equity	15.5
Branches (#)	542
Active customers (mn)	5.6
Bank only employees (#)	12,290

## QNB Finansbank market positioning

	Bank only, 6M'19					Commercial
	Numbers of Branches	Total Assets	Net Loans	Customer Deposits	Retail Loans <sup>(2)</sup>	Installment Loans
1 <sup>st</sup>	İşbank	İşbank	İşbank	İşbank	Garanti	İşbank
2 <sup>nd</sup>	Garanti	Yapı Kredi	Garanti	Garanti	İşbank	Yapı Kredi
3 <sup>rd</sup>	Yapı Kredi	Garanti	Yapı Kredi	Yapı Kredi	Yapı Kredi	Garanti
4 <sup>th</sup>	Akbank	Akbank	Akbank	Akbank	Akbank	
5 <sup>th</sup>	Denizbank					Akbank
6 <sup>th</sup>		Denizbank	Denizbank	Denizbank	Denizbank	Denizbank
7 <sup>th</sup>	TEB	TEB	TEB	TEB	TEB	TEB
8 <sup>th</sup>	ING	ING	ING	ING	ING	ING

Note: All information in the presentation is based on BRSA bank only data unless stated otherwise

<sup>(1)</sup> In terms of total assets, net loans, retail loans and customer deposits

<sup>(2)</sup> Including overdraft

Source: BRSA bank only data; BAT

# QNB Finansbank covers Turkey through a diverse distribution network and the market's only "pure digital bank"

### Internet banking



451k active internet banking customers

### Mobile banking



2.7 mn active mobile banking customers

### Direct sales



804 in-house personnel

### 542 branches



Covering 71 out of 81 cities of Turkey

### Call center



952 inbound agents

### Telesales



52 outbound agents

### ATMs



2,946 ATMs around Turkey and reaches ~7,550 ATM's through new ATM sharing program

### POS



248k POS terminals

### Mobile banking



1.12 mn active mobile banking customers



### Internet banking



228k active internet banking customers

### Call center



272 inbound agents

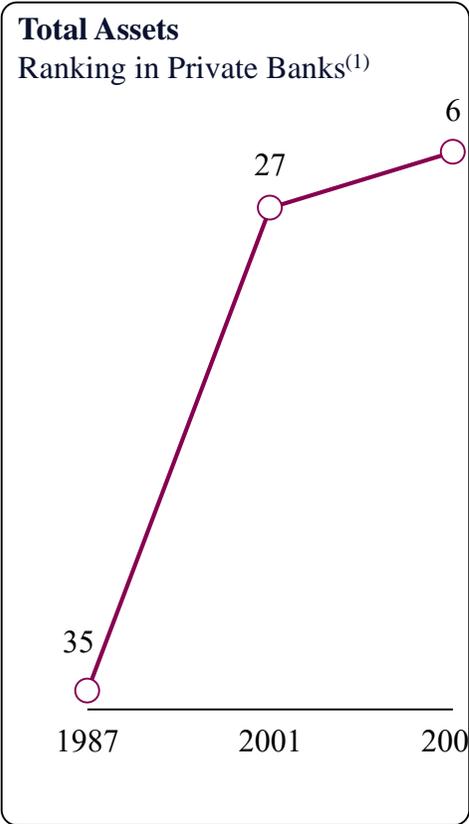
### Field service



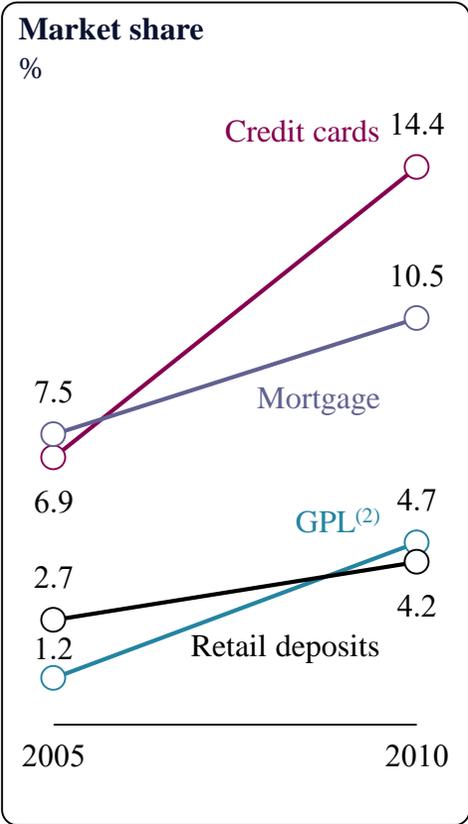
219 field service personnel

# One of Turkey's top performers on the back of its flexible business model

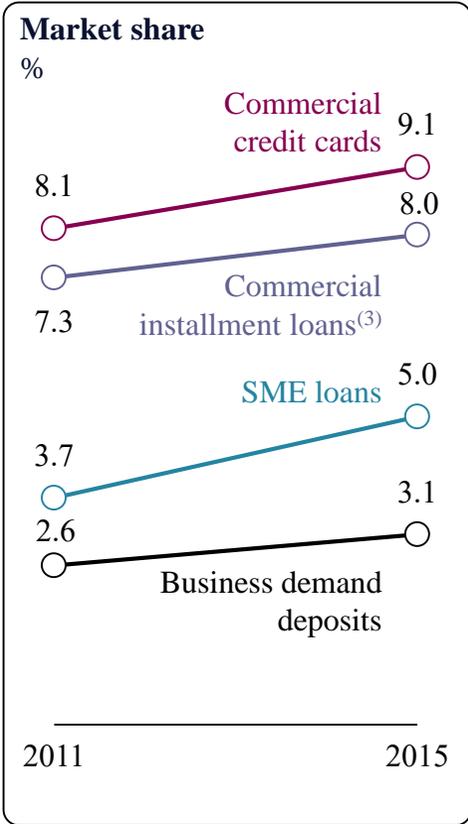
**1987-2004:** Fast growth behind leadership in Corporate & Commercial Banking



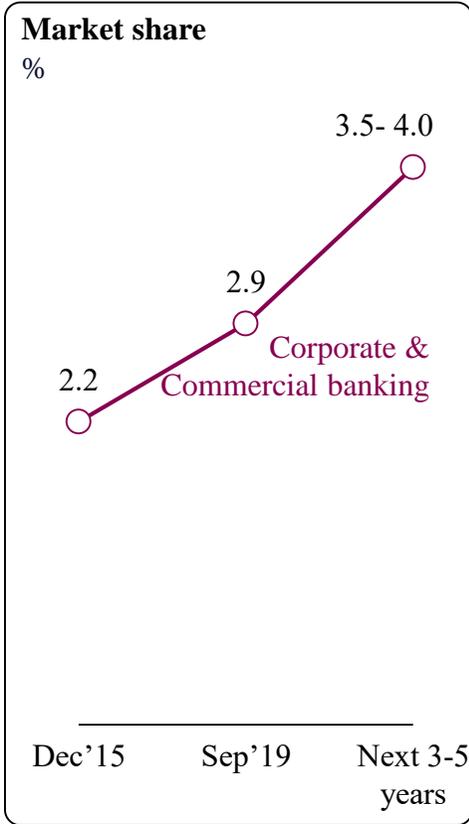
**2005-2011:** Retail banking boom with market leading growth and success



**2012-2016:** Business banking growth with productivity and risk focus



**2016 beyond:** Sustained success in Retail and SME, while beating the market in Corporate & Commercial Banking

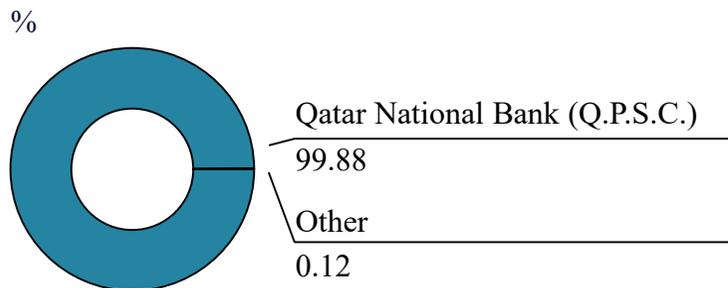


<sup>(1)</sup> Among private banks operating in given year  
<sup>(2)</sup> Including overdraft  
<sup>(3)</sup> Excluding commercial auto and mortgage loans  
 Source: BAT; BRSA

# QNB ownership has provided a strong support to one of market's leading performers

## QNB Finansbank

### Shareholder Structure



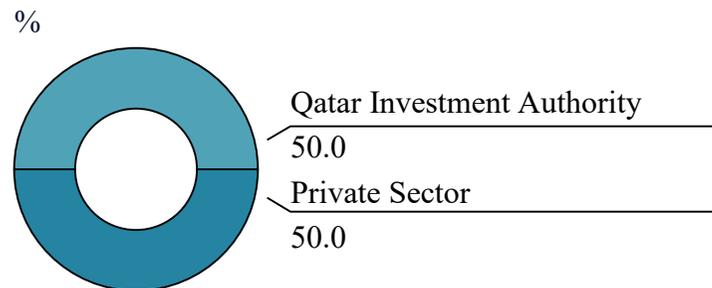
### Ratings

	Moody's	Fitch	CI
Foreign Currency Long-term Debt	B1	B+	BB-
Foreign Currency Short-term Debt	NP	B	B

### Corporate Information

- 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 for basic insurance and Cigna for life insurance and private pensions)

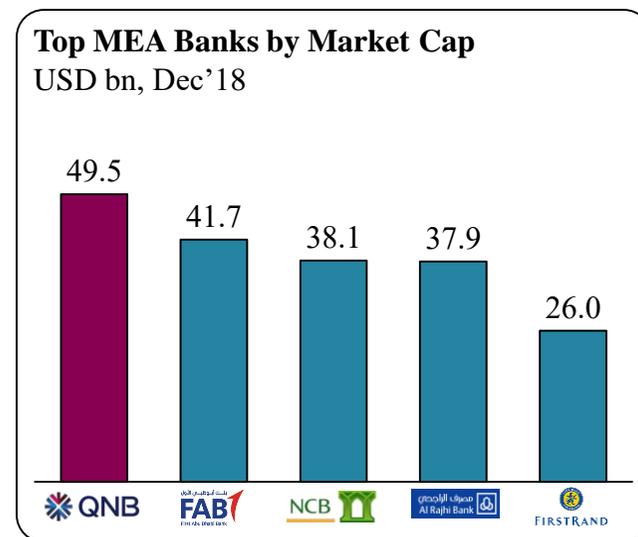
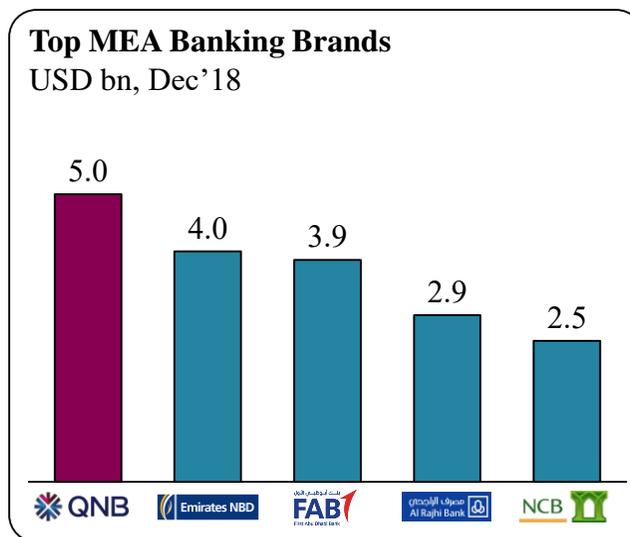
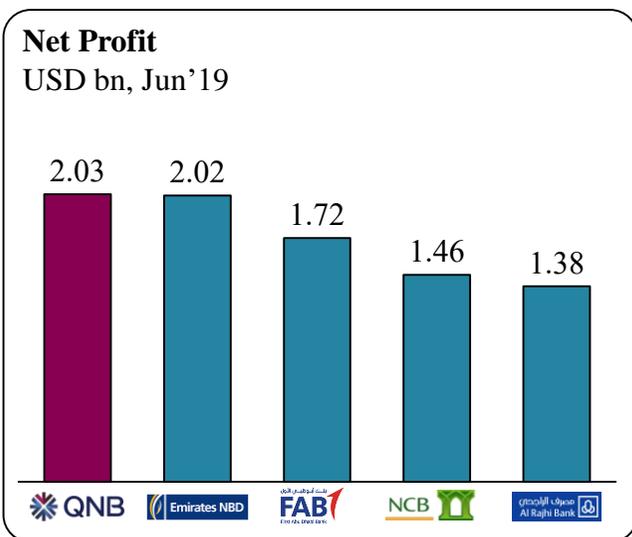
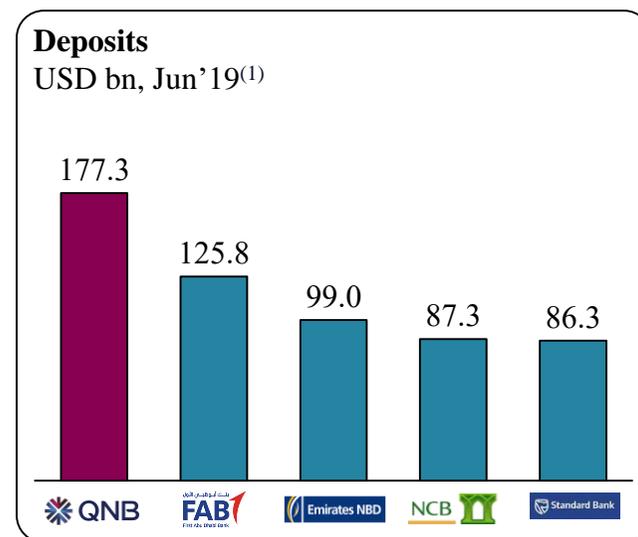
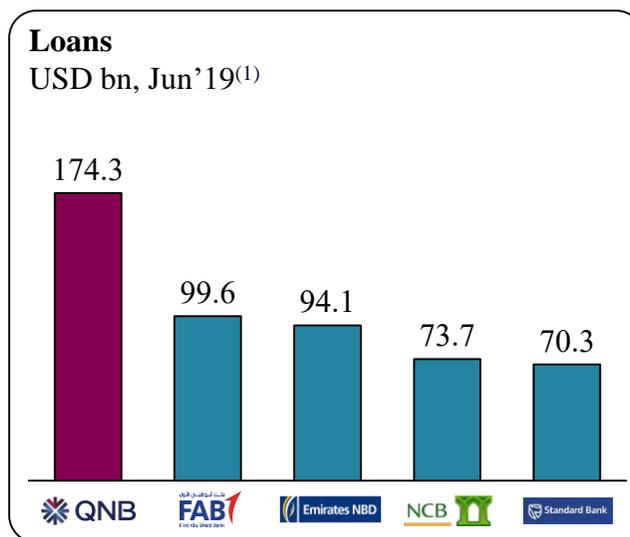
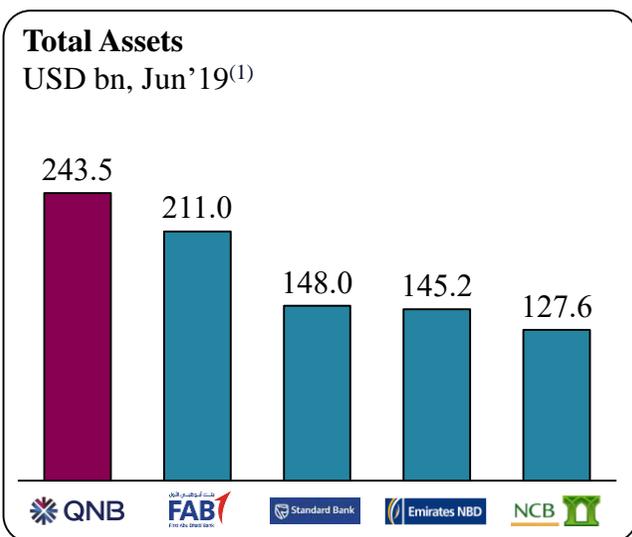
## QNB (Q.P.S.C.)



	Moody's	Fitch	S&P	CI
Foreign Currency Long-term	Aa3	A+	A	AA-
Foreign Currency Short-term	P-1	F1	A-1	A1+

- Largest bank in Qatar by market cap, assets, loans, deposits and profit
- Largest bank in MEA by total assets, loans, deposits and profit
- Operating in more than 31 countries around the world across 3 continents
- Serving a customer base of more than 24 million customers with 29K staff, 1.1K+ locations and 4.3K+ ATMs

# QNB is the leading financial institution by all measures in the MEA region



# QNB ownership brings a strong geographic reach to QNB Finansbank especially with important trade partners of Turkey

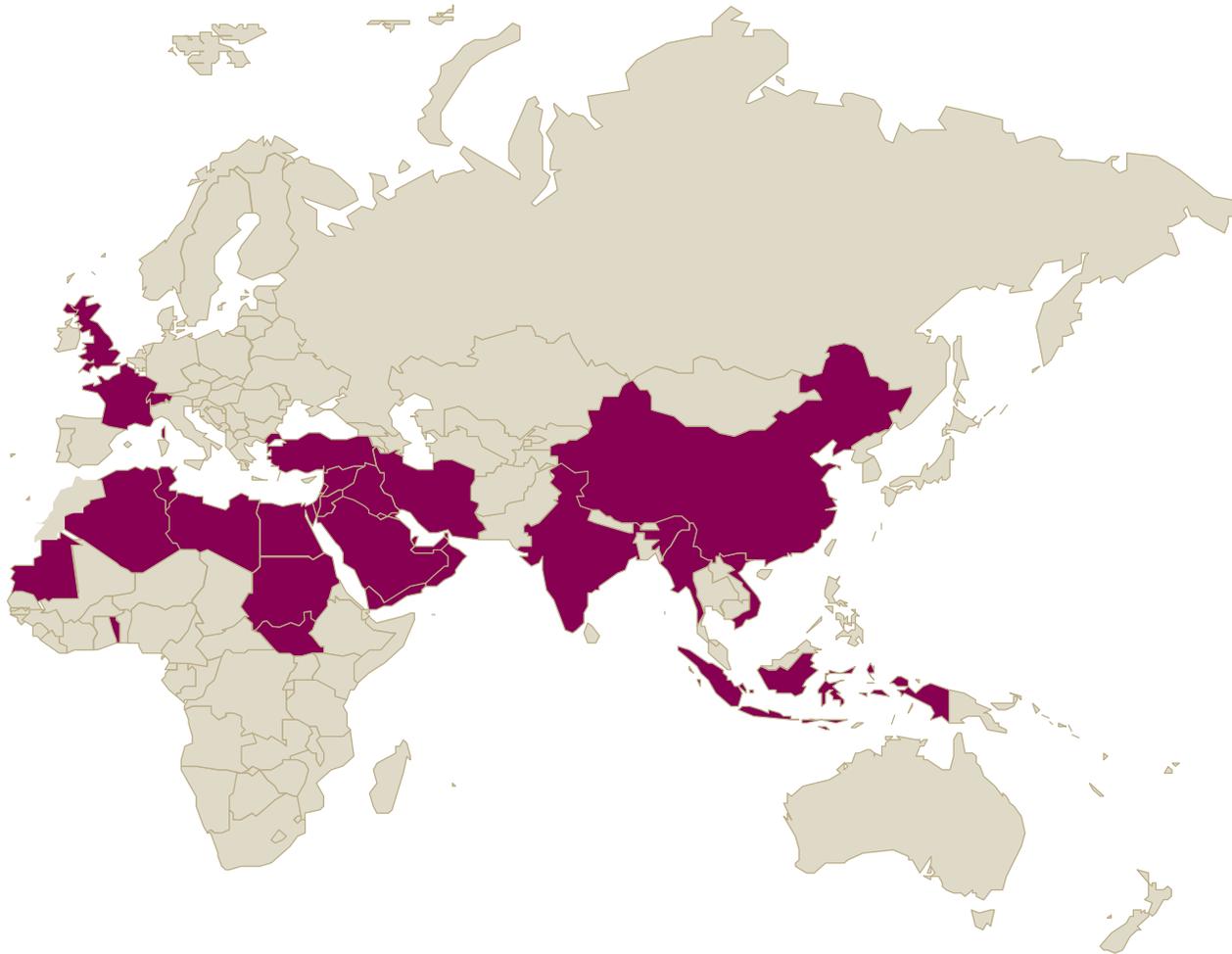
 QNB presence  
 Top 40 trade partners of Turkey

## Middle East

	Qatar	
	KSA	
	Jordan	
	UAE	
	Syria	
	Palestine	
	Iraq	
	Oman	
	Bahrain	
	Kuwait	
	Lebanon	
	Yemen	
	Iran <sup>(1)</sup>	

## Sub-Saharan Africa

	South Sudan	
	Togo	



## North Africa

	Egypt	
	Libya	
	Tunisia	
	Sudan	
	Algeria	
	Mauritania	

## Europe

	United Kingdom	
	France	
	Switzerland	
	Turkey	

## Asia

	Indonesia	
	Singapore	
	India	
	China	
	Vietnam	
	Myanmar	

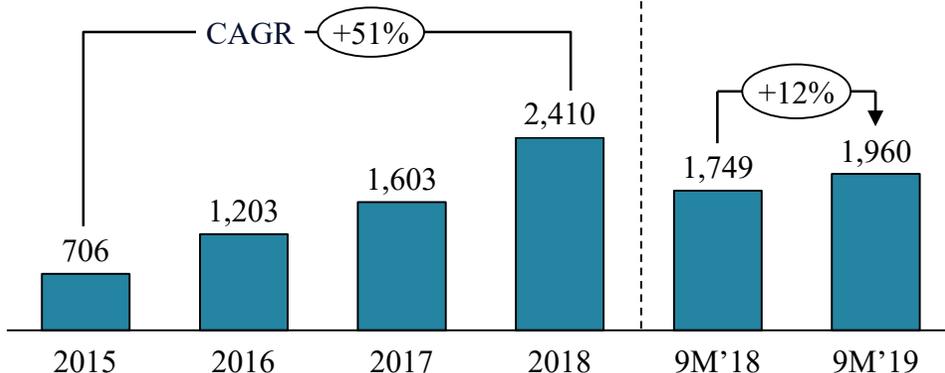


# Financial Performance

# Strong profitability sustained by relatively more resilient asset quality than peers, while comfortable capital position maintained in a challenging backdrop

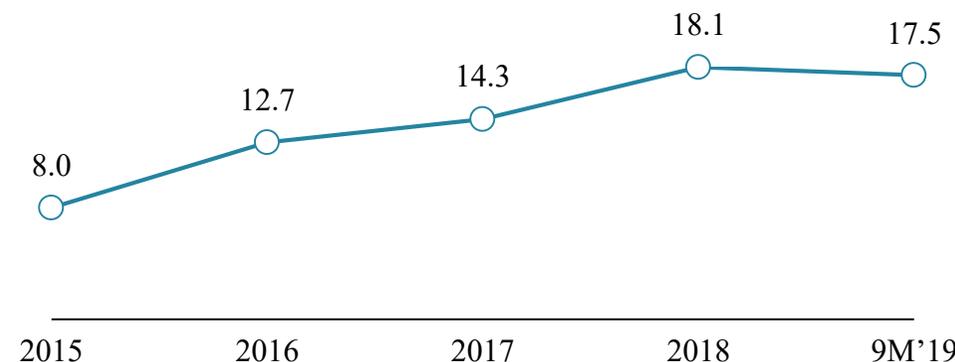
## Robust profitability maintained in a challenging macro environment

Net Profit  
TRY, mn



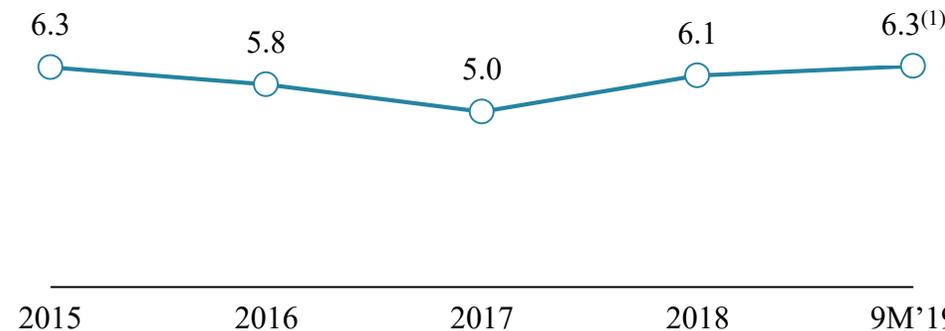
## RoE proved its resilience once again

RoE  
%



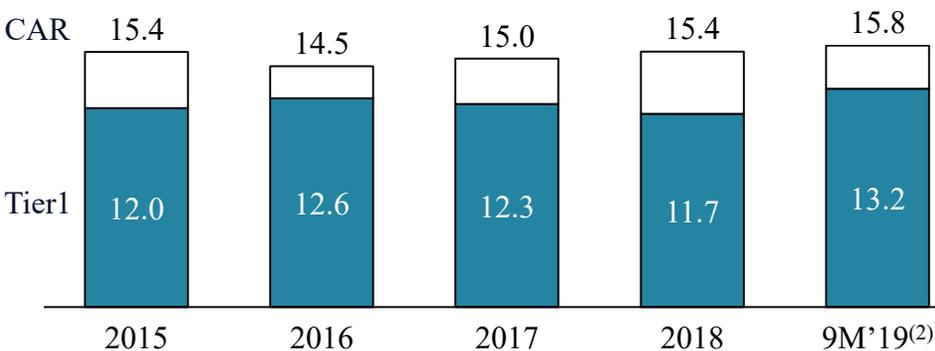
## Prudent lending strategy has paid off with relatively more resilient NPL ratio trend

NPL Ratio  
%



## Capital strengthening initiatives have further boosted solvency buffers, particularly for Tier 1

CAR  
%



<sup>(1)</sup> Non-performing loan portfolio of TRY919 mn was sold for TRY88.2 mn in Q3'19.

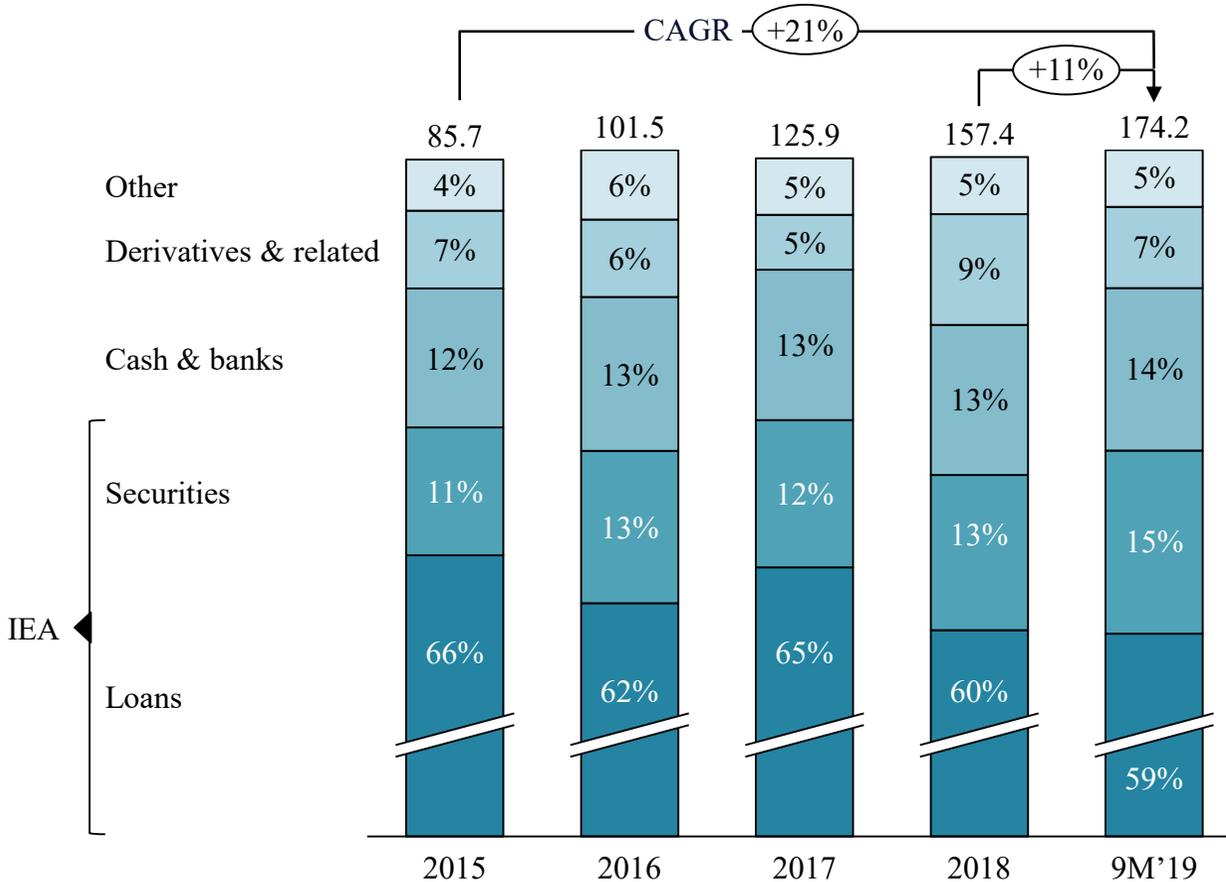
<sup>(2)</sup> Conversion of USD 525 mn subloan (USD 200 mn Basel II+USD 325 mn Basel III) into AT1 and USD 125 mn subloan into Basel III compliant Tier 2 contributed ~220 bps to Tier 1 and ~130 bps to CAR.

# Total Assets reached TRY 174bn with a YTD growth of 11%

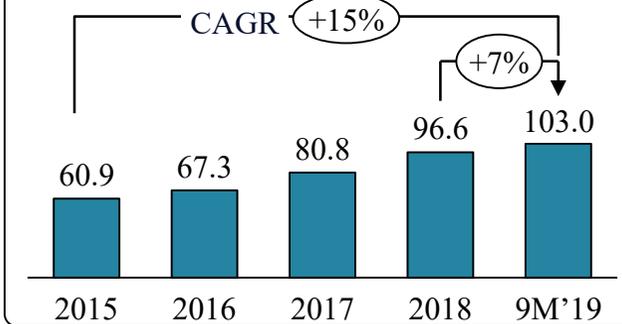
Tight loan demand conditions limited loan growth, partly mitigated by additional investments in securities

Accelerating TRY lending in Q3 brought YtD TRY assets growth to 7% levels,

**Total Assets**  
TRY, bn

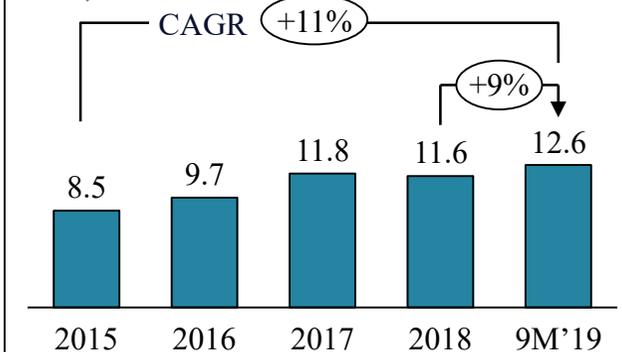


**TRY Assets**  
TRY, bn



..., while FX assets growth was driven by investments in FX securities and FX lending through committed project finance facilities

**FX Assets<sup>(1)</sup>**  
USD, bn



<sup>(1)</sup> FX-indexed TRY loans are shown in FX assets

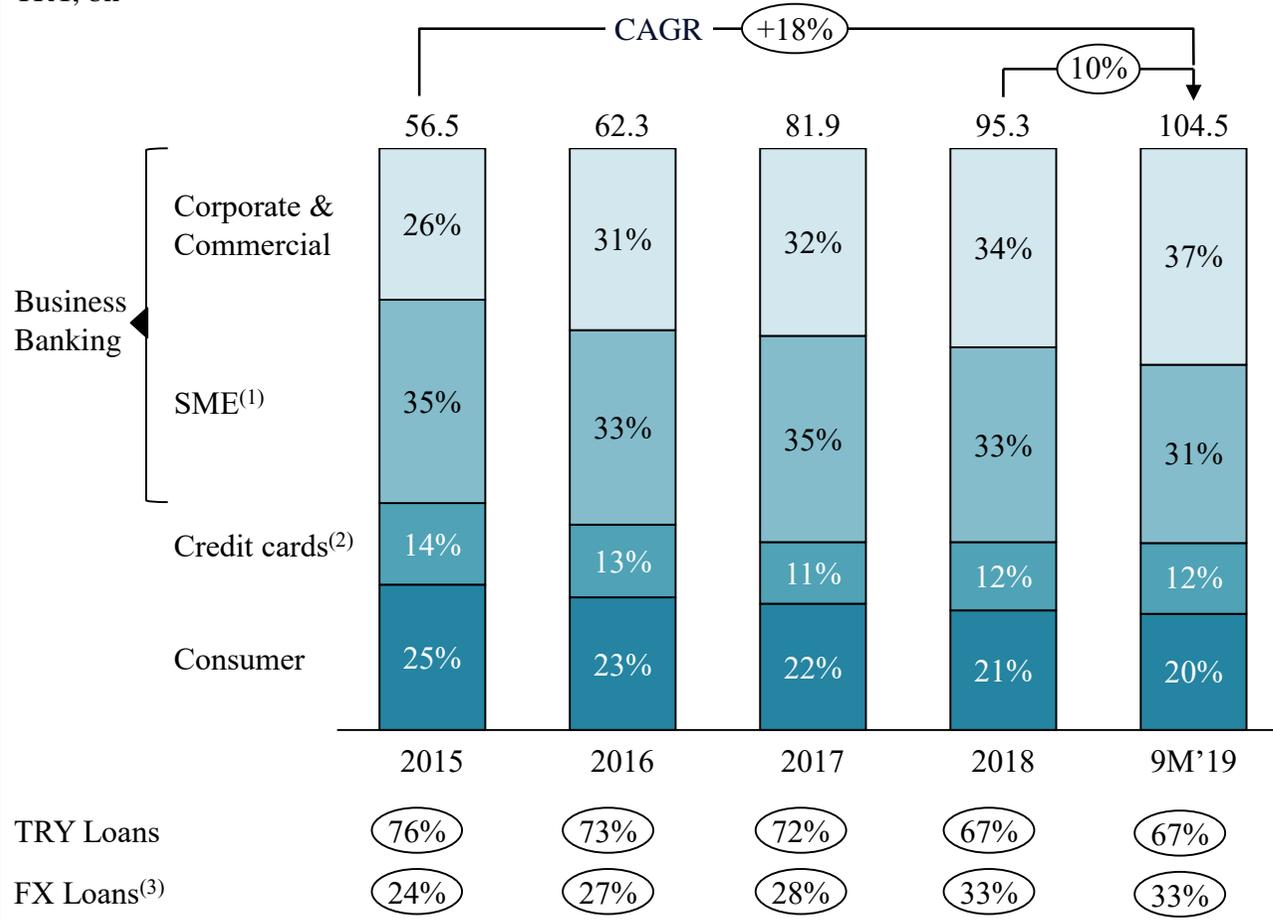
# Loan growth reached 10% on a YTD basis, helped by both Retail and Business loans

Corporate & Commercial segment led loan growth in 2019 on the back of both TRY and FX lendings, while both Retail and SME lending followed market growth trends

Pick-up in retail growth essentially driven by GPLs and credit cards,

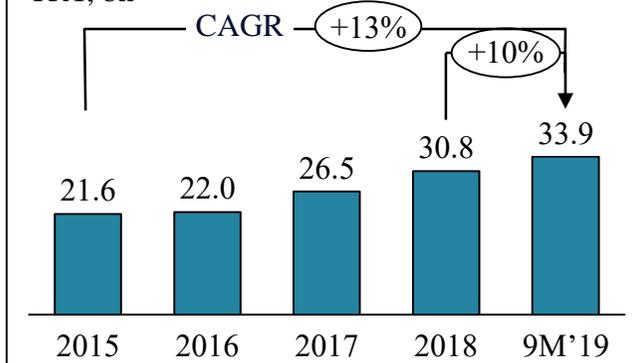
## Performing Loans by Segment and Currency

TRY, bn



## Retail Loans

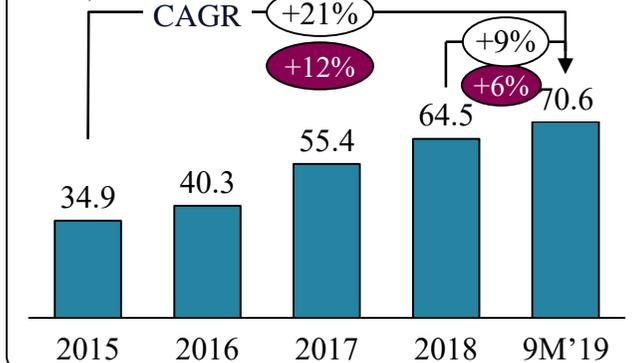
TRY, bn



... while growth in Business stemmed from recovery in TRY loans as well as committed project finance facilities

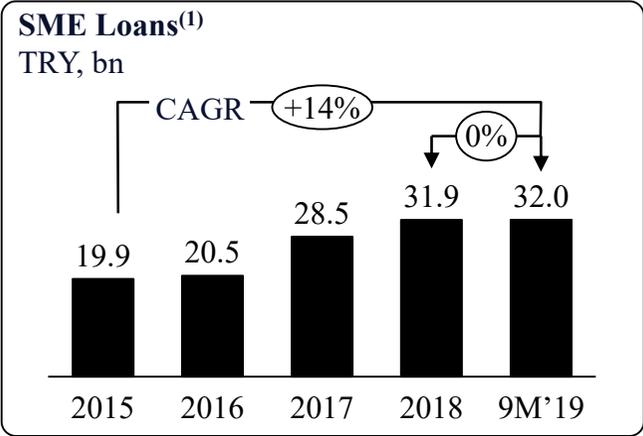
## Business Loans

TRY, bn

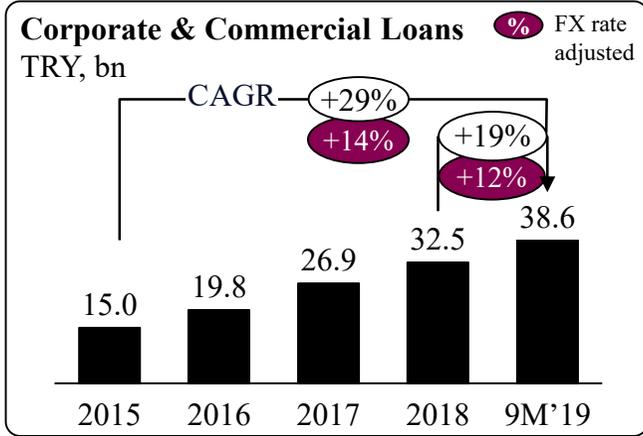


# Corporate & Commercial and Retail driven growth, on the back of pent-up customer demand

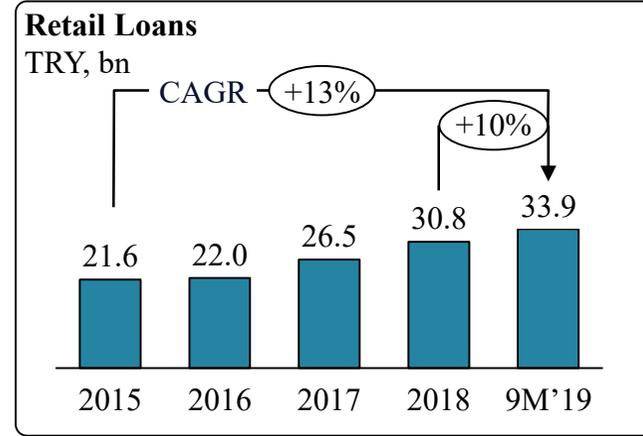
**Prudent approach and low customer demand led to steady SME book...**



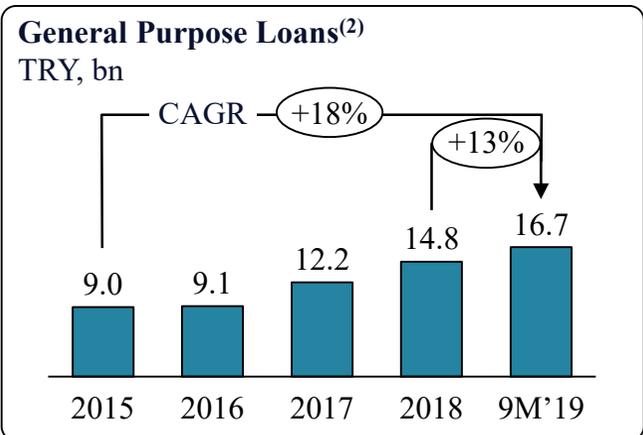
**... while decent growth in Corporate & Commercial banking in line with strategic plan**



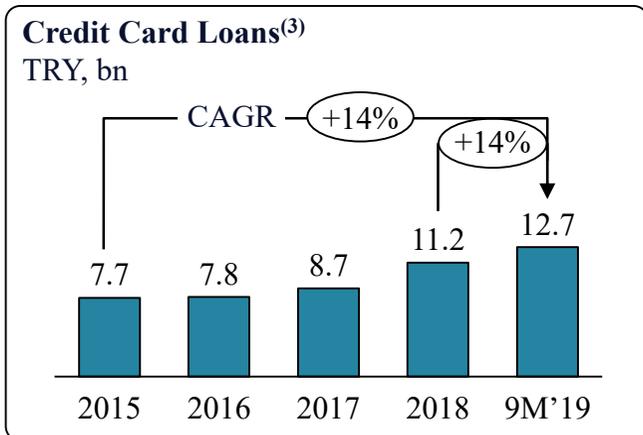
**Selective growth in Retail Loans...**



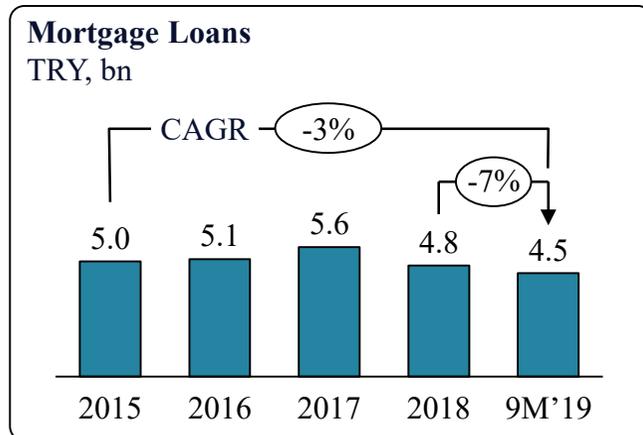
**...focusing on GPLs...**



**...and credit cards, both of which recorded above-market growth**



**Redemptions continued in mortgage portfolio, mostly in line with private peers**

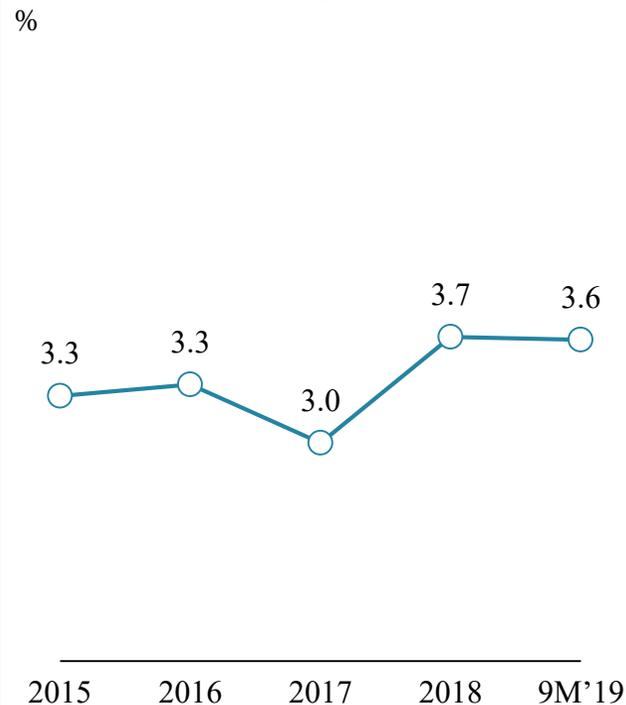


<sup>(1)</sup> Based on BRSA segment definition  
<sup>(2)</sup> Including overdraft loans  
<sup>(3)</sup> Solely represents credit cards by individuals

# Well-managed asset quality with highest-in-class coverage ratios

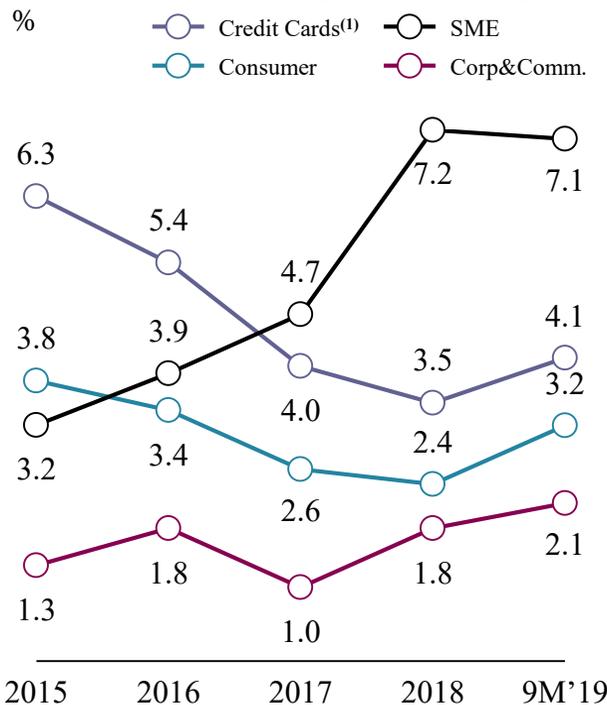
Stable NPL additions despite realization of two highly-provisioned, large ticket corporate & commercial files as NPL

NPL Additions / Average Loans



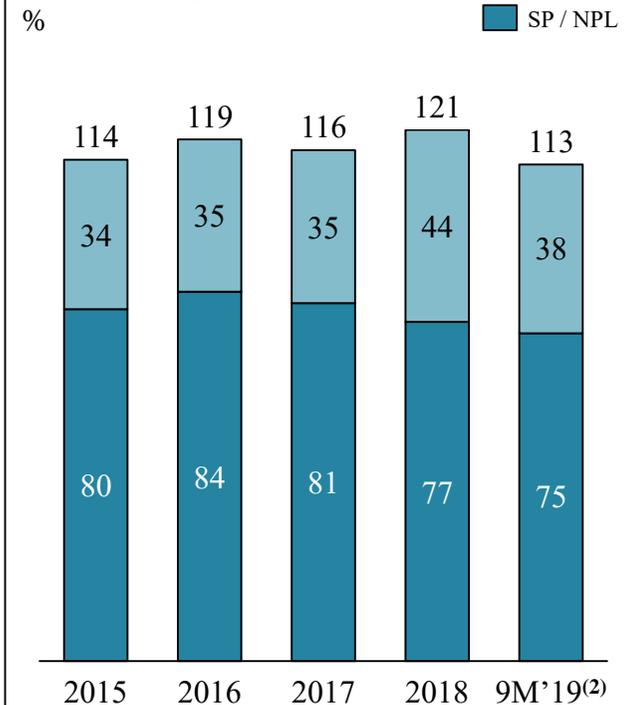
Slight pick-up in NPL inflows for Retail and Corporate & Commercial, while SME started to stabilize with signs of improvement

NPL Additions / Average Loans by Segment



NPLs are well-covered through general and specific provisions

NPL Coverage



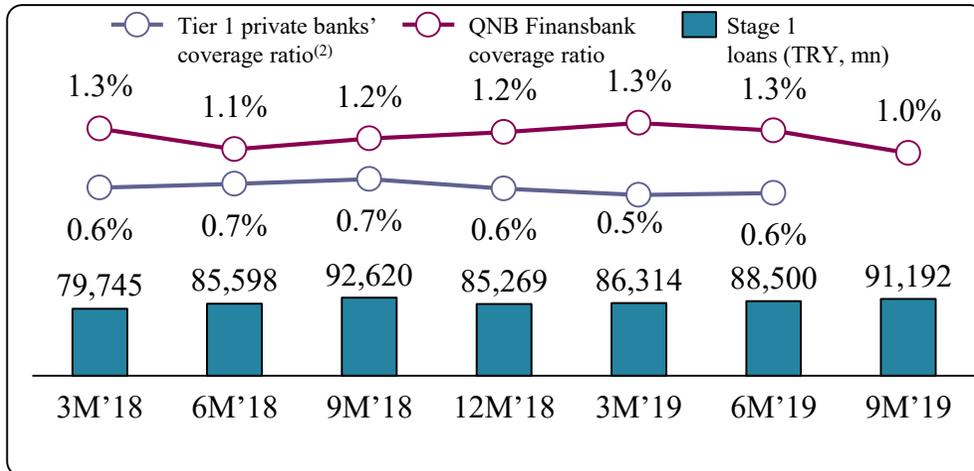
<sup>(1)</sup> Including retail and business credit cards

<sup>(2)</sup> Starting the onset of 2018, general provisions represent expected credit losses (ECL) on Stage I and Stage II Loans as per IFRS9

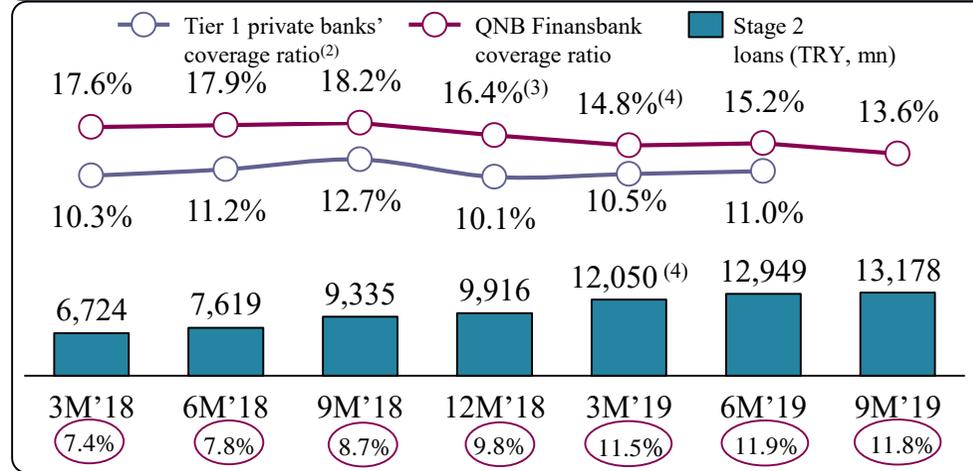
# Prudent IFRS 9 staging with intact provisioning buffers

○ as a % of gross loans<sup>(1)</sup>  
for the relevant period

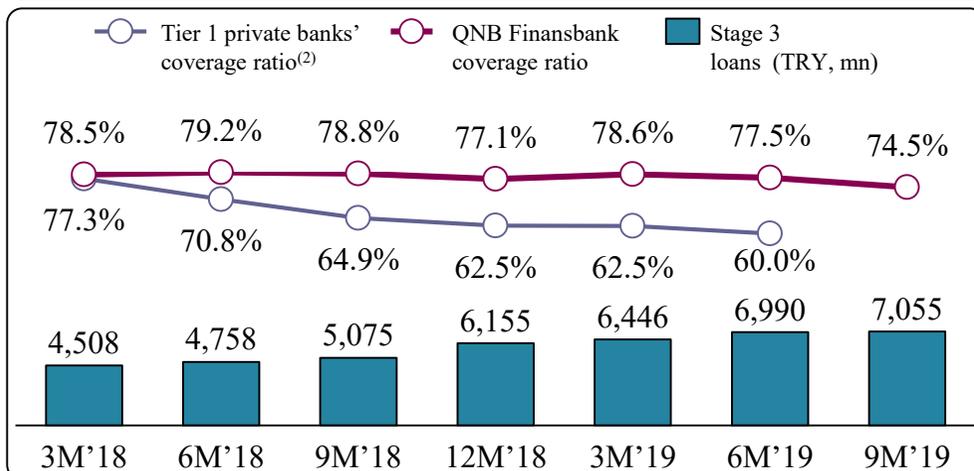
**Provision coverage ratio for Stage 1 exposures is well above our peers', while it slightly retreated following the macro parameter update in Q3**



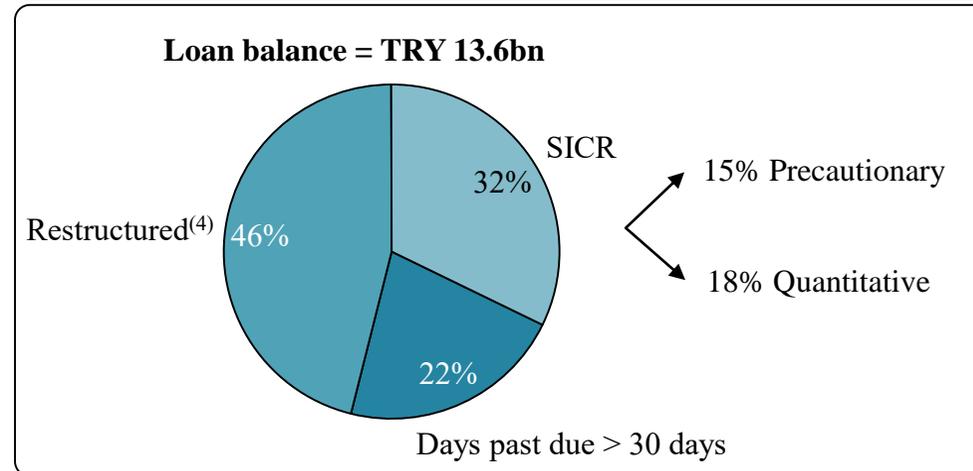
**Migration of highly covered files to NPL led to a slight decrease in stage II coverage, however still above peers' average**



**Despite dilution effect of NPL sale on coverage during Q3, prudent provisioning maintained with Stage III coverage well above peers'**



**Stage II composition shows that 76% of total Restructured and SICR related balance is non-delinquent**



<sup>(1)</sup> Gross loans encompass the loans measured at FVTPL

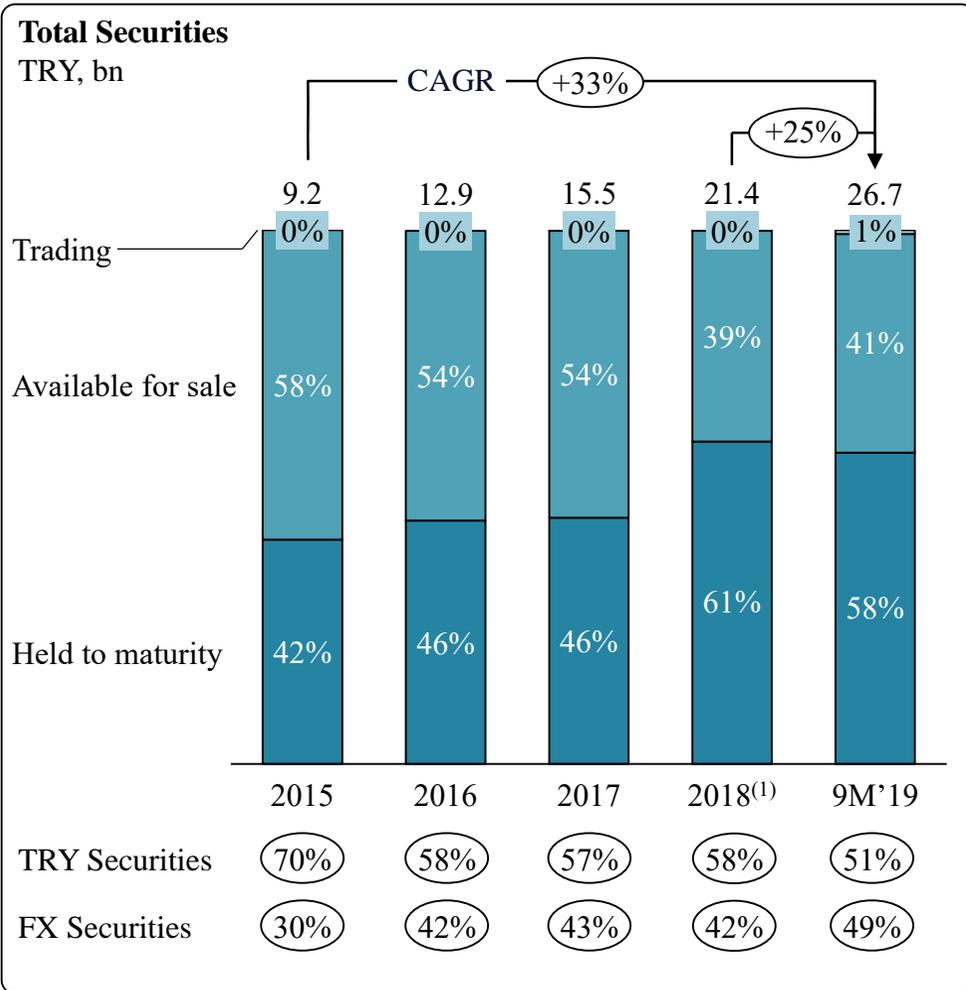
<sup>(2)</sup> Ratio computed by dividing the sum of provisions for the relevant loan stage of individual banks by the sum of the loan balances of the related stage

<sup>(3)</sup> Decline in coverage ratio partly technical due to reclassification of both exposure and related provision on ex-Otas exposure from amortized cost to FVTPL

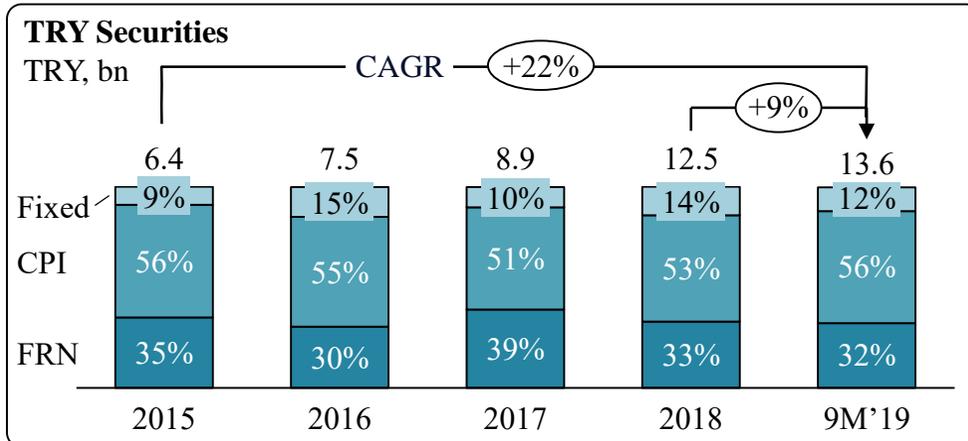
<sup>(4)</sup> Restructure of a highly-collateralized file in Q1'19 led to a rise in Stage 2, a simultaneous dilution in Stage 2 coverage ratio and an increase in the share of restructured in Stage 2

# Securities portfolio reached TRY 26.7 bn, accounting for 15% of assets

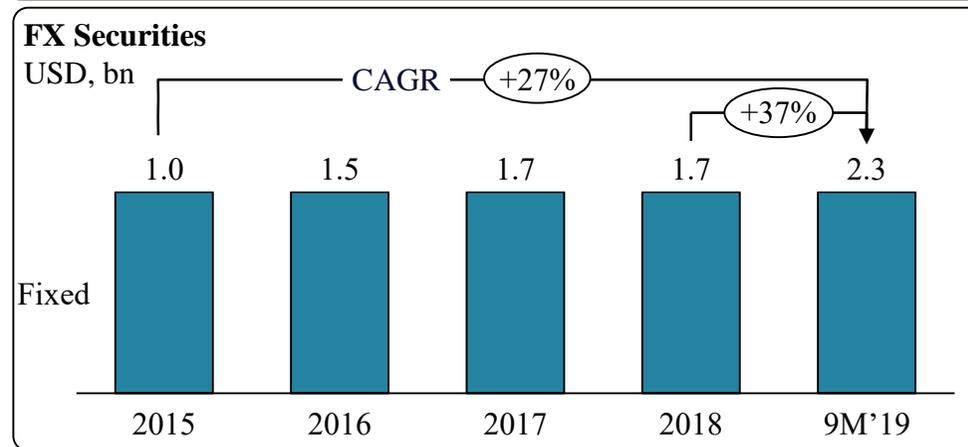
Securities portfolio recorded an impressive 25% growth YtD to compensate for tight loan demand



88% of TRY securities are variable in nature



Higher FX government securities investments during tight loan demand conditions

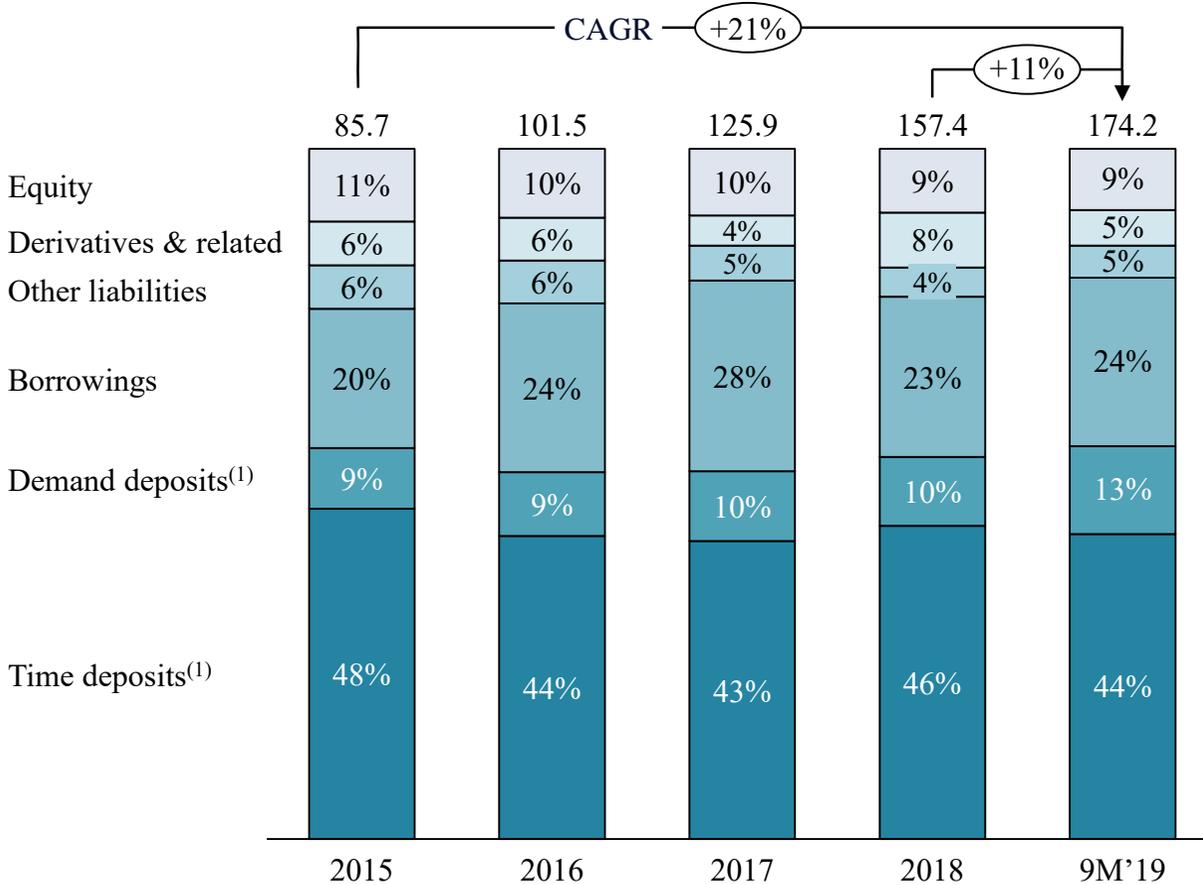


# Well-diversified funding structure underpinned by solid deposit base

Use of diversified funding sources while leveraging strong wholesale funding capabilities

## Total Liabilities

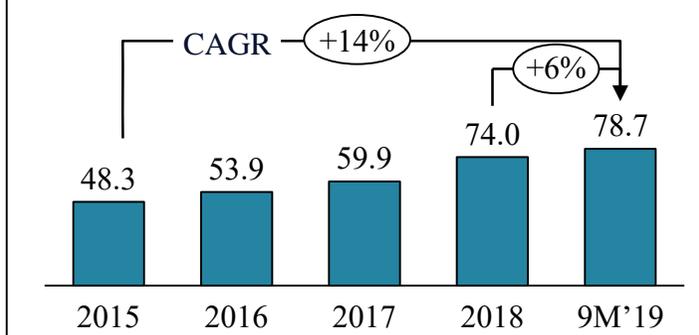
TRY, bn



TRY liabilities supported by growing client funds essentially via TRY bond issuances

## TRY Liabilities

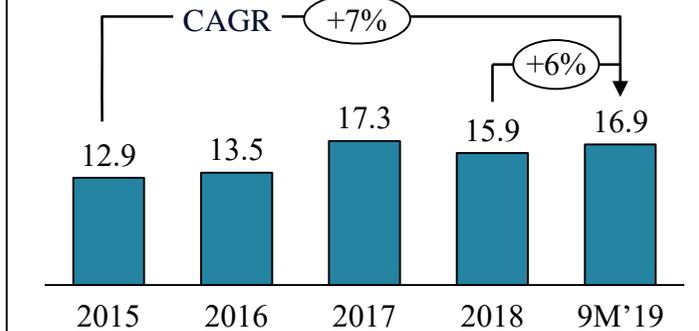
TRY, bn



Ongoing dollarization in customer deposits and utilization of long-term wholesale funding opportunities led to a rise in FX liabilities

## FX Liabilities

USD, bn



<sup>(1)</sup> Includes bank deposits

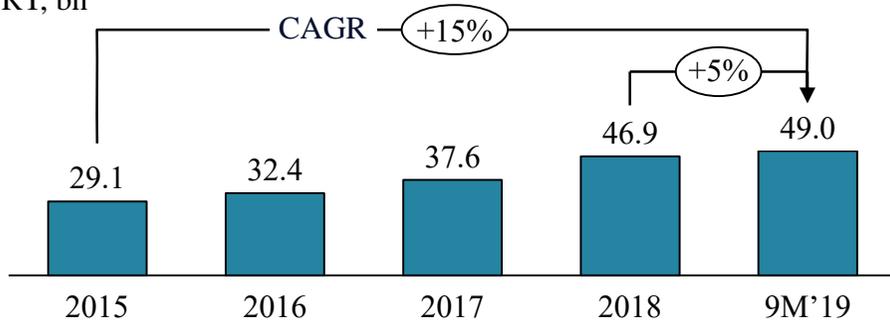
# L/D ratio improves on the back of robust deposit expansion and mild loan growth

## TRY customer deposits continued to grow in 2019

### TRY customer deposits

(incl TRY bonds issued)

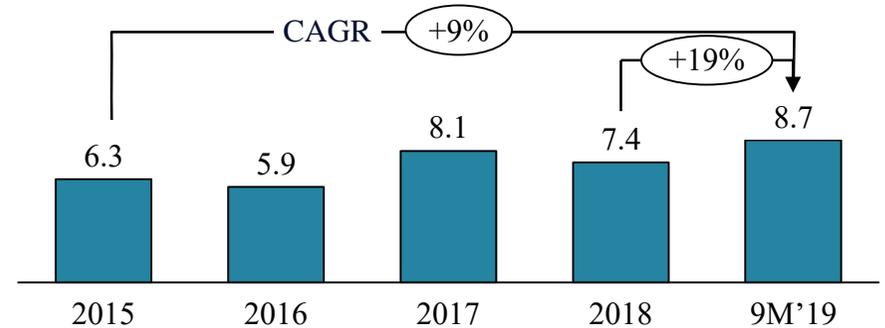
TRY, bn



## FX customer deposit growth in line with market trends

### FX customer deposits<sup>(1)</sup>

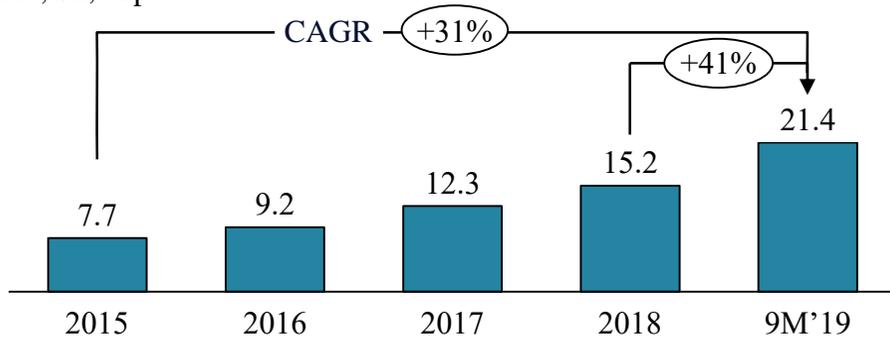
USD, bn



## Sustained impressive growth in demand deposits

### Customer demand deposits

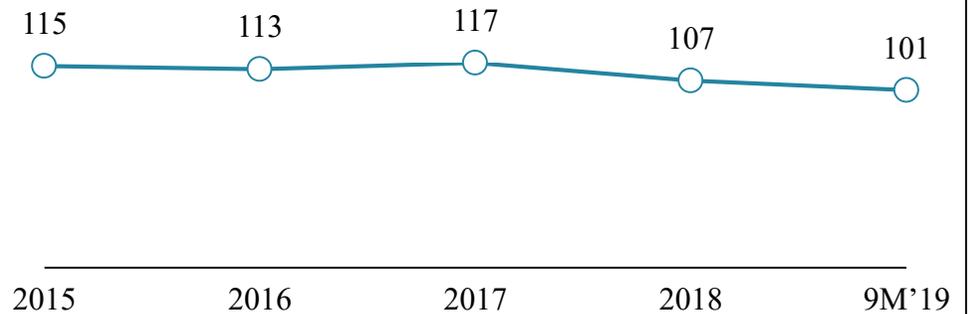
TRY, bn, aop



## Significantly improving loan-to-deposit ratio thanks to robust deposit expansion ahead of loan growth

### Loan-to-deposit ratio<sup>(2)</sup>

%



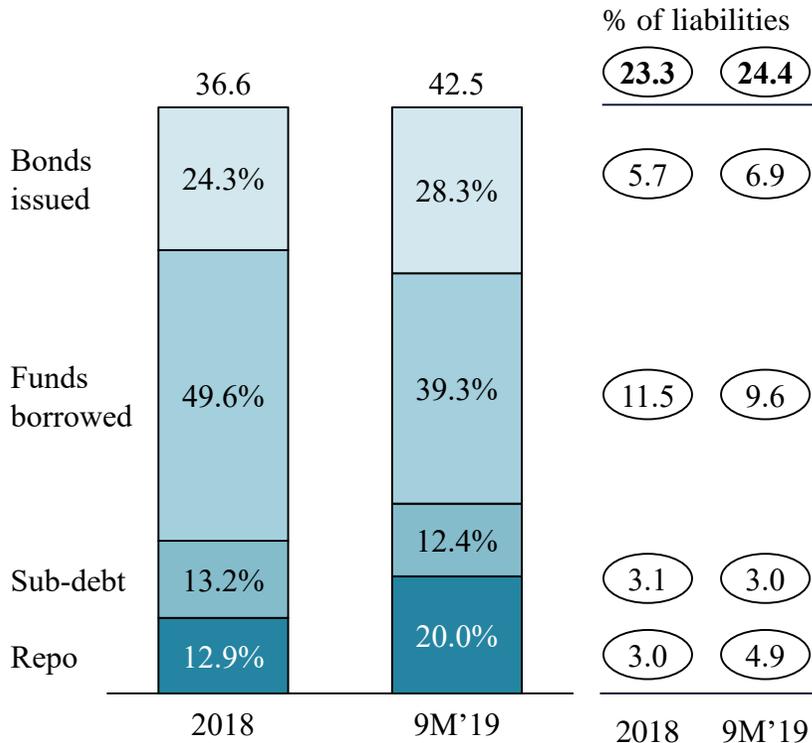
<sup>(1)</sup> FX deposits represent 39%, 40%, 47%, 46% and 52% of total customer deposits in 2015, 2016, 2017, 2018 and 9M'19, respectively

<sup>(2)</sup> Including TL issued bonds, bank deposits & fiduciary deposits excluding CBRT swap transactions

# Strong FX liquidity position and tighter loan demand reduce the need for additional wholesale funding

Wholesale funding is channelled towards lower cost repo funding in line with creditors limit increases in that facility

**Borrowings<sup>(1)</sup> by Type**  
TRY, bn, % of borrowings

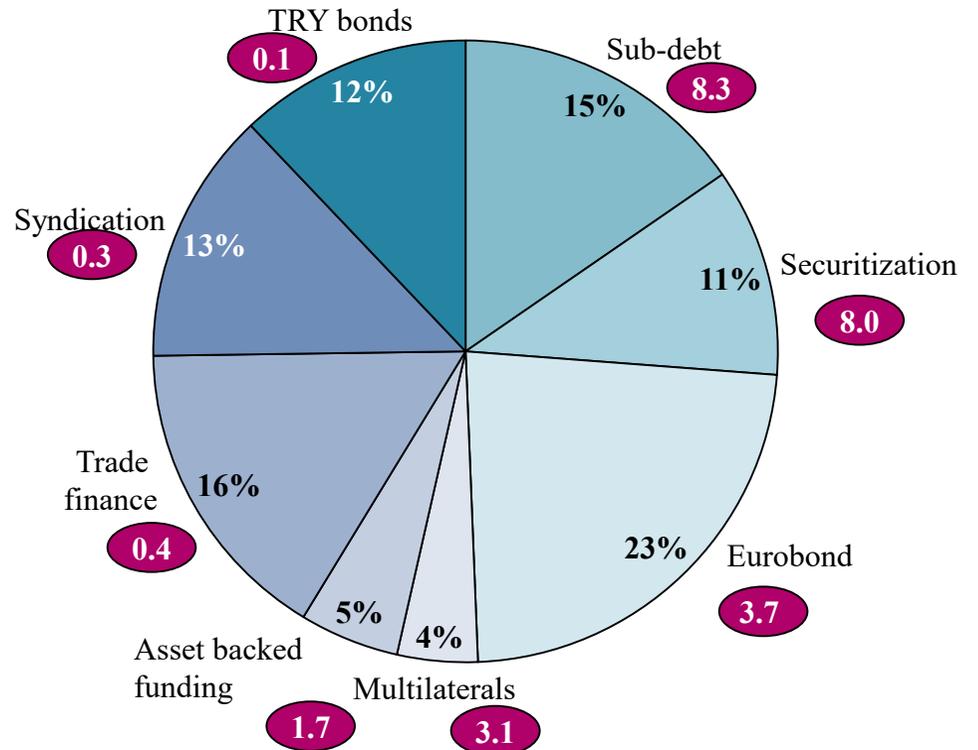


Comfortable remaining maturity profile of borrowings retained

**Breakdown of borrowings except repo**

100% = TRY 34.0bn

# Avg. remaining maturity (yrs)



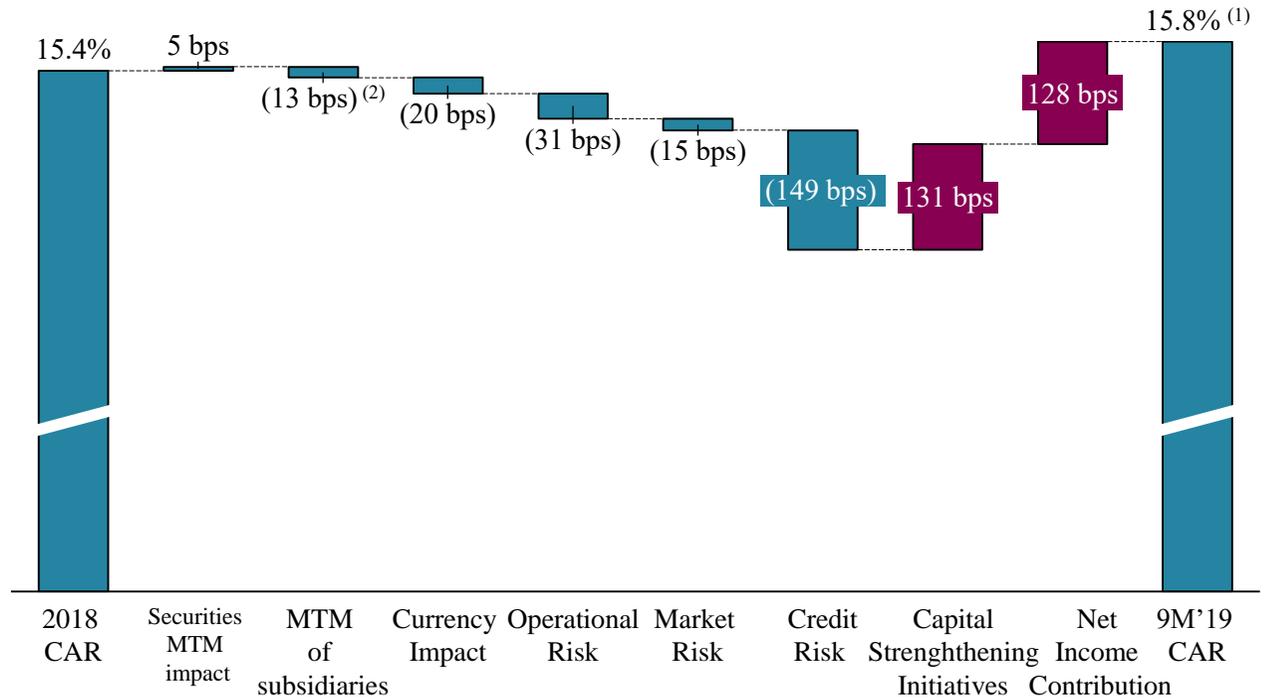
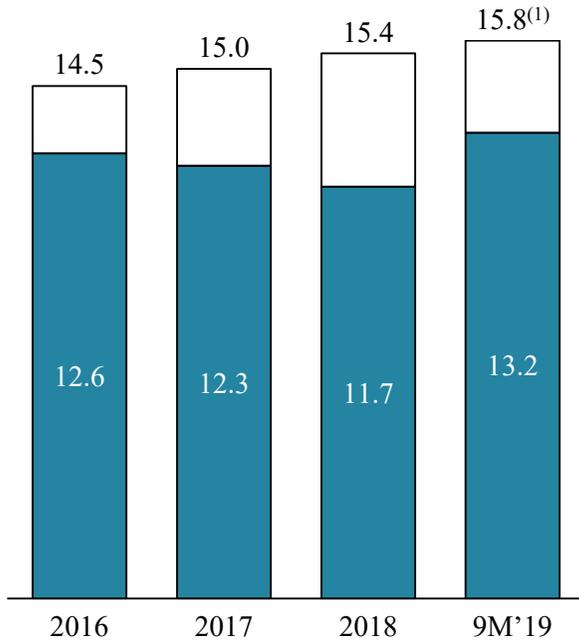
# CAR remained sound and well above required levels

Capital strengthening initiatives in Q2 reinforced capital buffers, particularly for Tier 1

Internal capital generation's contribution to CAR reached 128 bps YtD

Capital Adequacy %

Tier 1



<sup>(1)</sup> Conversion of USD 525 mn subloan (USD 200 mn Basel II+USD 325 mn Basel III) into AT1 and USD 125 mn subloan into Basel III compliant Tier 2 contributed ~220bps to Tier 1 and ~130 bps to CAR.

<sup>(2)</sup> This impact mainly stemmed from MTM valuation of investments in publicly-traded subsidiaries, and eliminated at consolidated level

# 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 15.3bn as of 9M'19
- Net change in Economic Value / Equity is constantly monitored under several scenarios
- Regulatory IRRBB ratio is at 5.98% as opposed to 20% limit; indicating a conservative interest rate position on the banking book

## Prudent management of liquidity risk

- Strong framework is in place to ensure sufficient short-term and long-term liquidity
- Total Regulatory Liquidity Coverage ratio is 136% as opposed to 100% limit, whereas FX Regulatory Liquidity coverage ratio is 166% as opposed to 80% limit.
- Continuous monitoring and reporting are in place to support effective management in addition to contingency plans for extreme situations

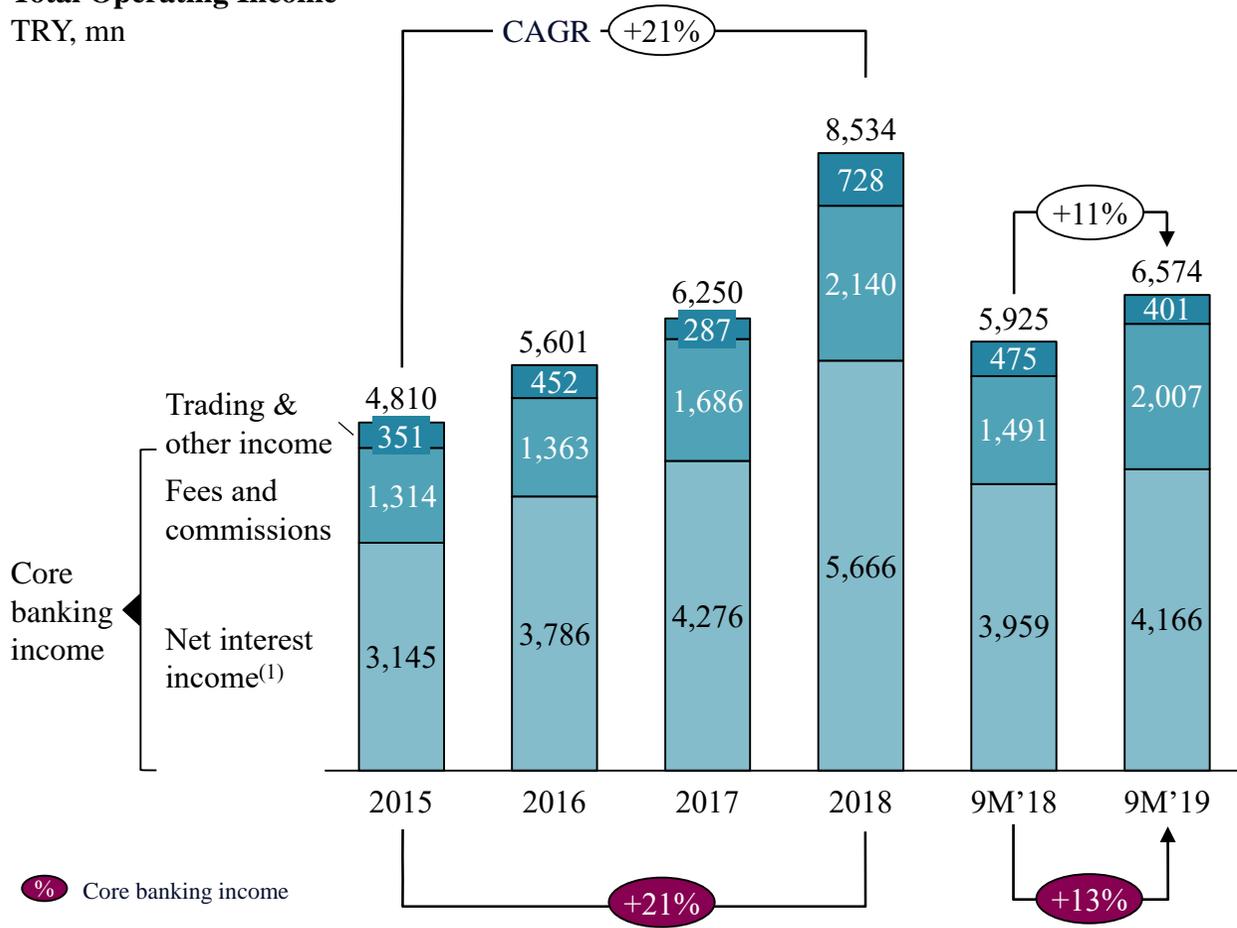
## Low risk appetite for trading risks

- 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 scenario analysis

# Focus on core banking income generation

Operating income derived from core banking activities with strong YoY growth

**Total Operating Income**  
TRY, mn



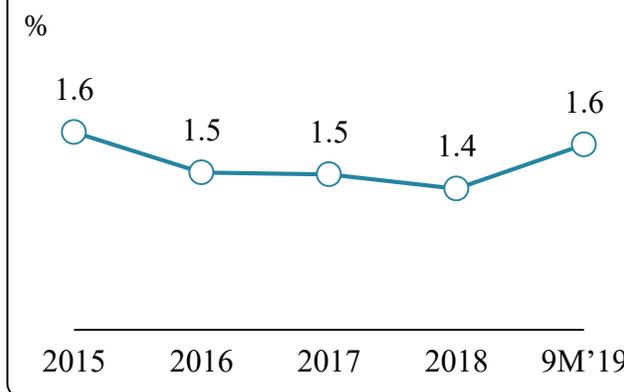
Resilient NIM despite relatively higher cost of funding and lower contribution from CPI linkers

**NIM after Swap**



Improving fee generation thanks to contribution from payment systems

**Fees / Assets**

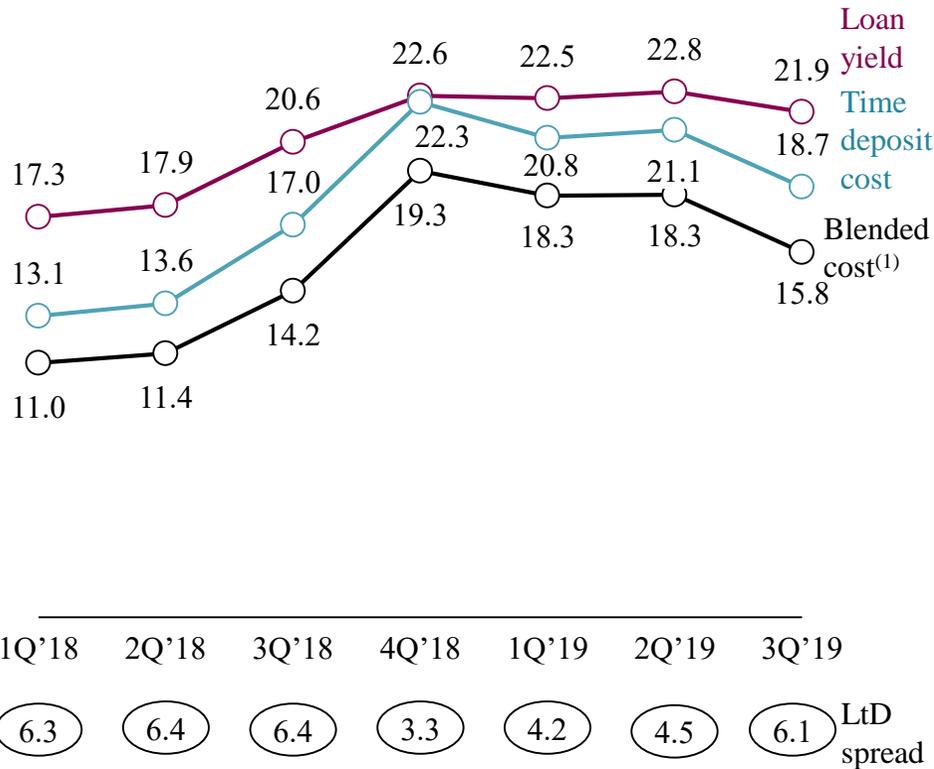


<sup>(1)</sup> Including swap expenses

# Easing cost of deposits improved spreads which are trending back to historical levels

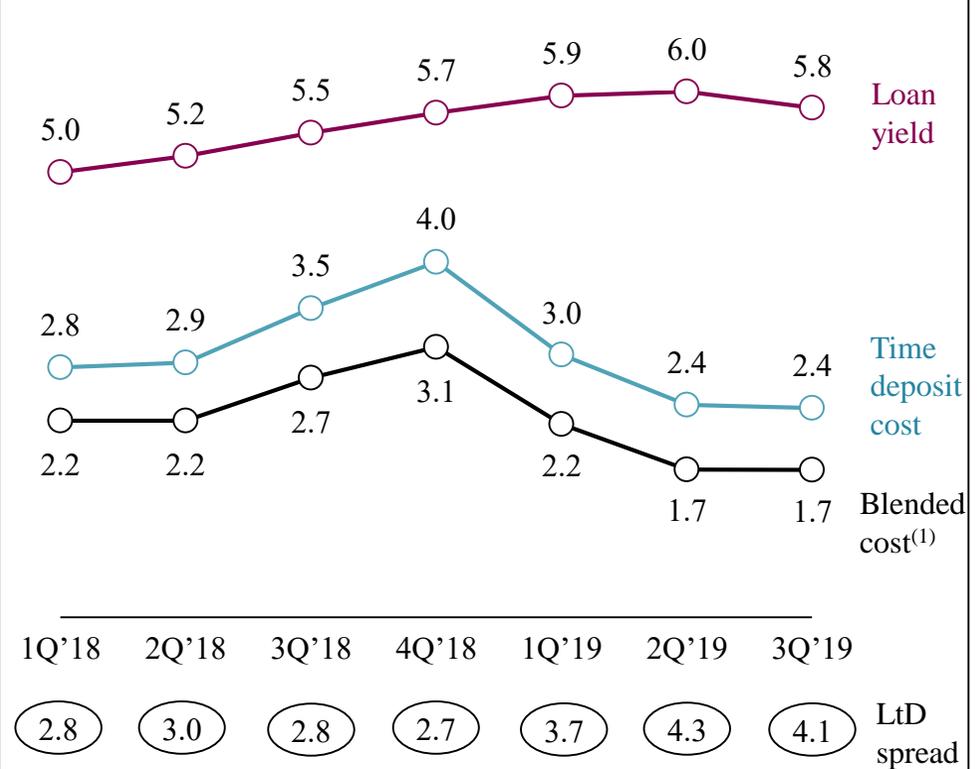
**TRY spreads benefited from sharp decline in deposit costs following CBRT rate cuts**

**TRY Spread**  
%, quarterly



**Upward trend in FX spreads supported with ample FX deposit supply**

**FX Spread<sup>(2)</sup>**  
%, quarterly



<sup>(1)</sup> Blended of time and demand deposits

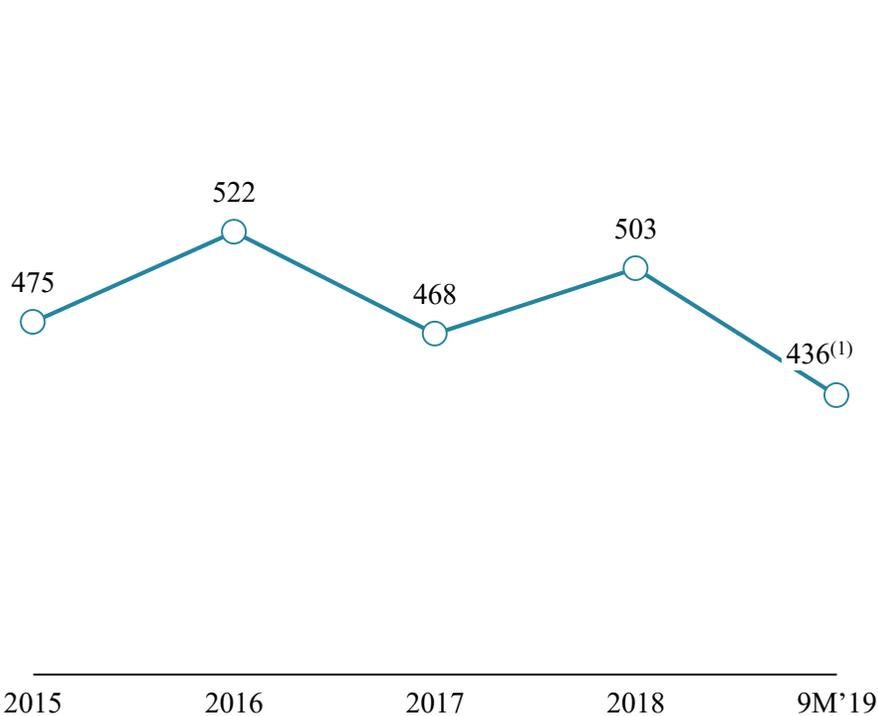
<sup>(2)</sup> Adjusted for FX rate changes

# NIM slightly below long-term trend due to higher TRY funding cost, though on a rising trend following the recent CBRT rate cut cycle

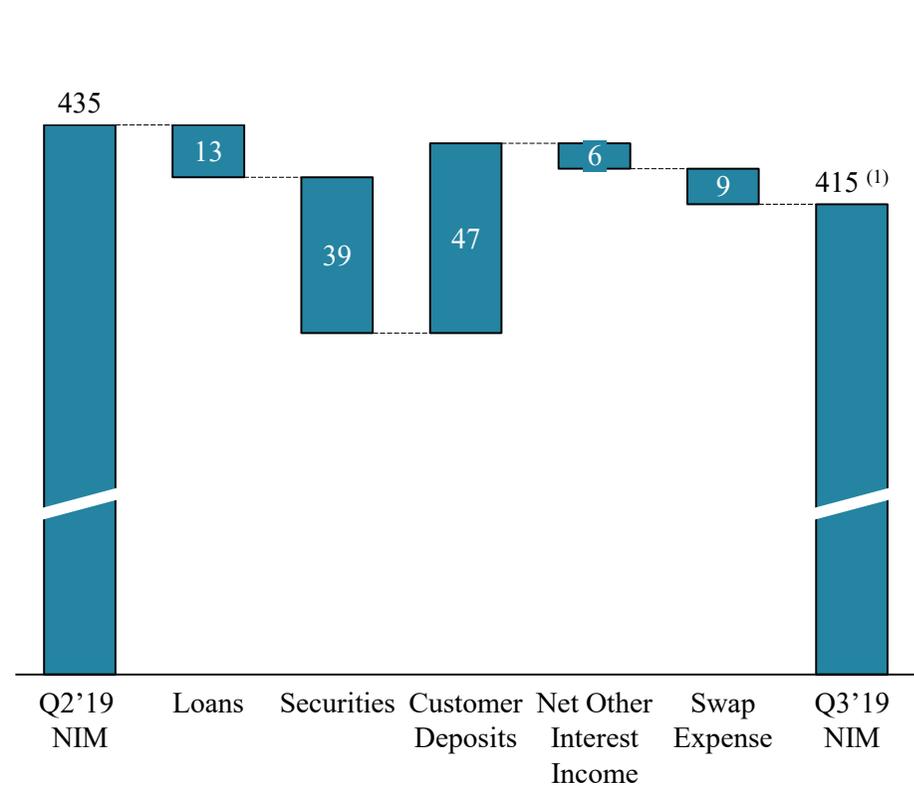
NIM contracted on a YTD basis with higher TRY funding costs and lower contribution from CPI linker portfolio

Adjustment on CPI expectations took its toll on NIM during Q3

Cumulative NIM after Swap  
bps



Quarterly NIM after Swap  
bps

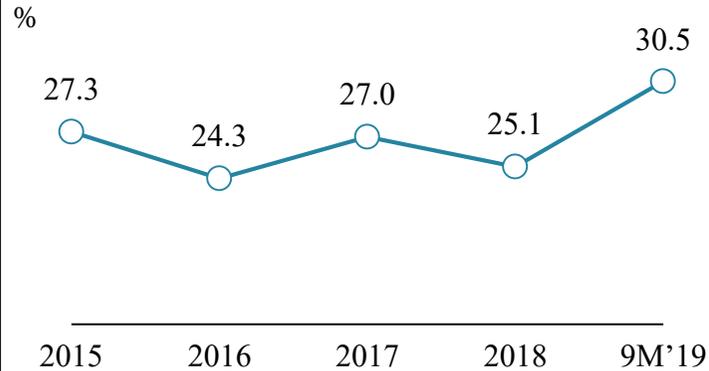


<sup>(1)</sup> CPI projection used in the valuation was revised as 11% level in Q3.  
A 100 bps increase in CPI projection would contribute TRY 75 mn/yr to NII and 5 bps to NIM

# Sustained improving fee generation mainly supported by payment systems

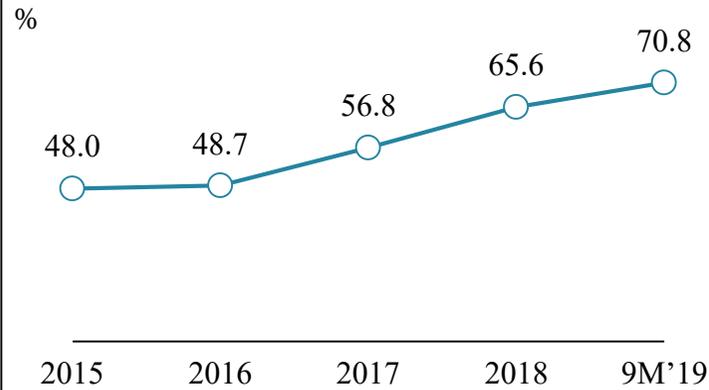
**Leading contribution from fees to total income among peers**

**Fees / Total Income**



**Higher fee generation and effective cost containment led to Fee/OPEX improvement**

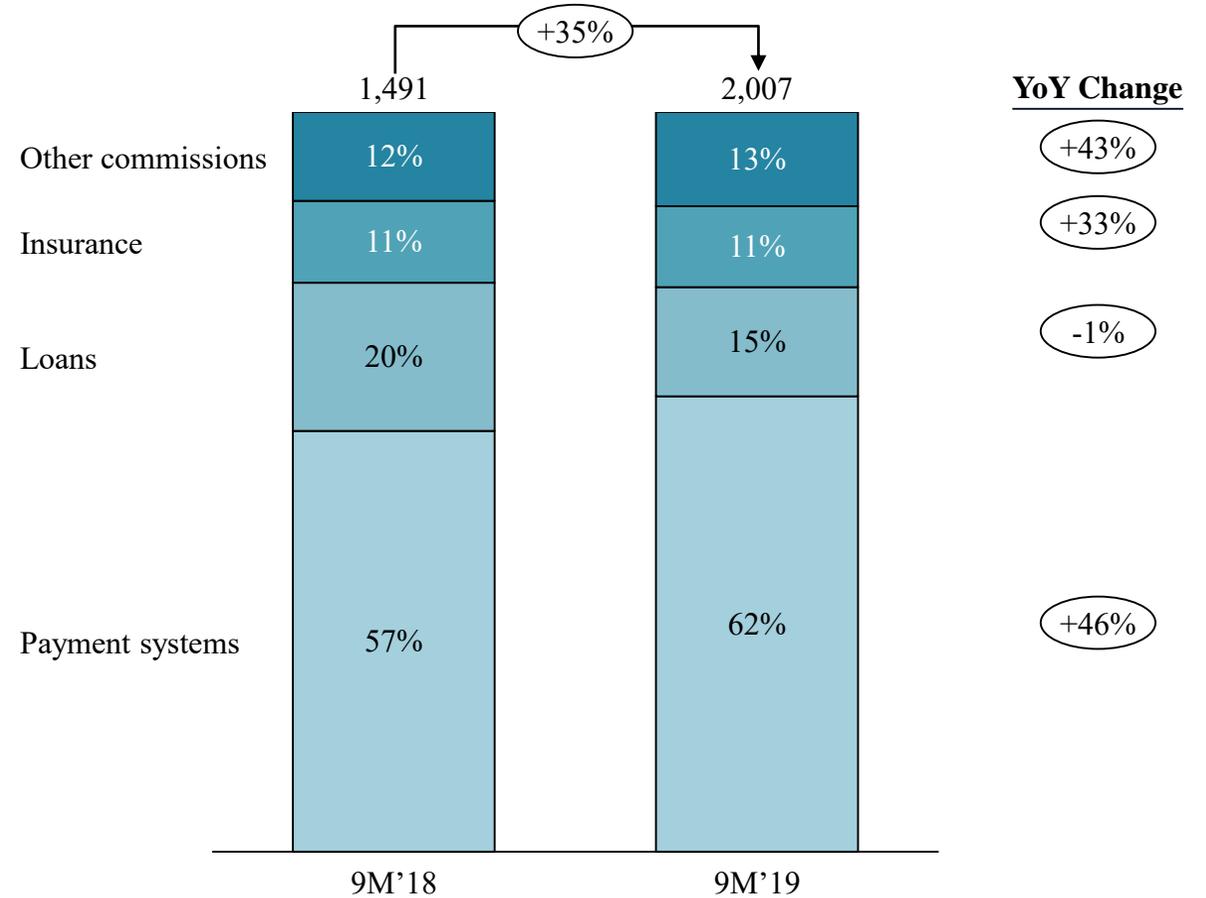
**Fees / OPEX**



**35% YoY growth in fee generation driven by strong payment systems and value added service revenues**

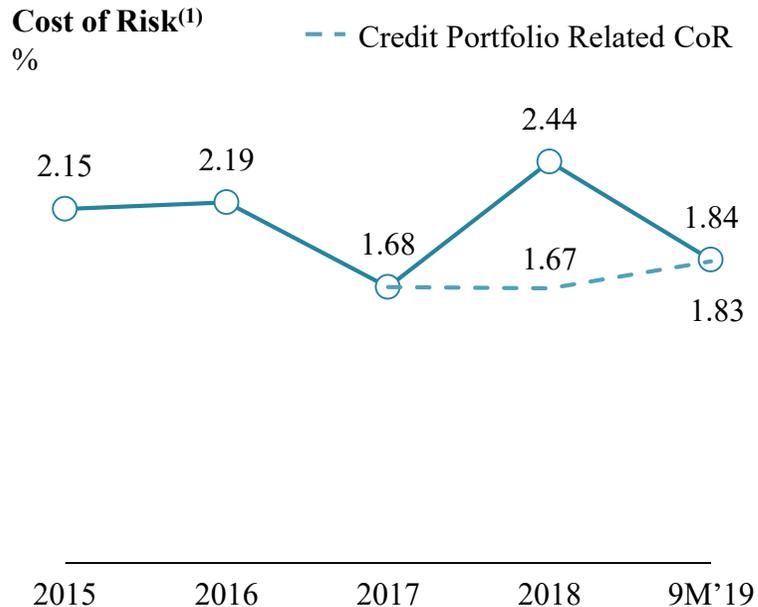
**Cumulative Net Fees and Commissions**

TRY, mn

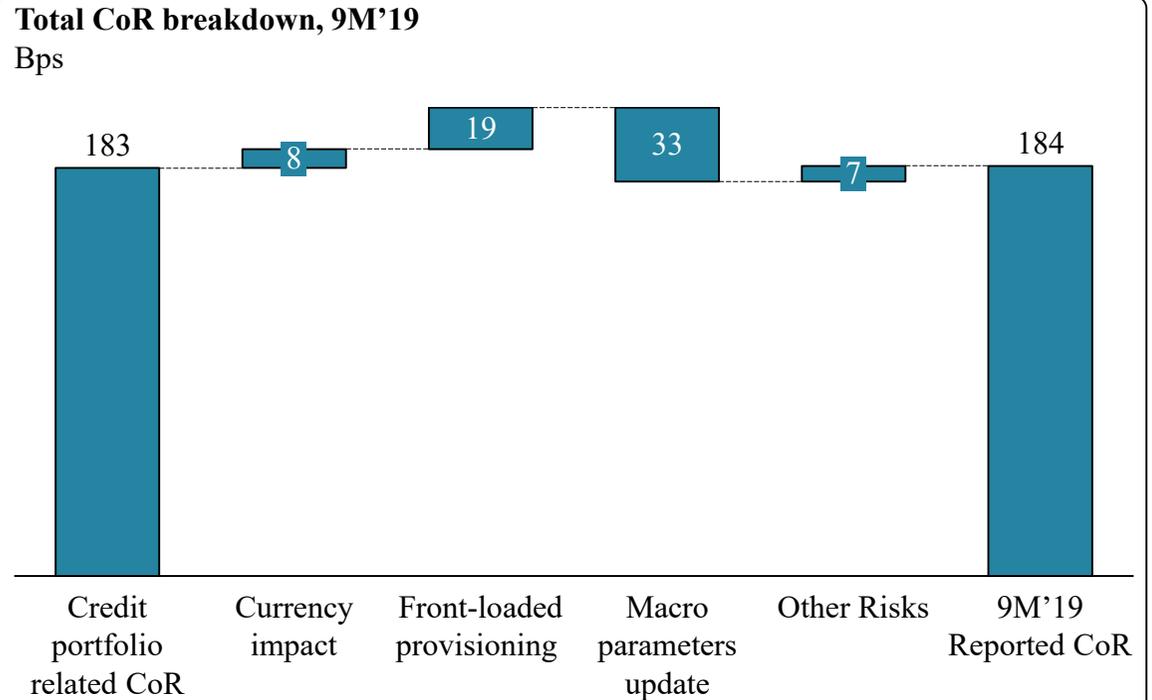


# Measures taken in credit risk management paid off across the board; CoR proved its resilience once again

Essentially stable credit portfolio related CoR in challenging times

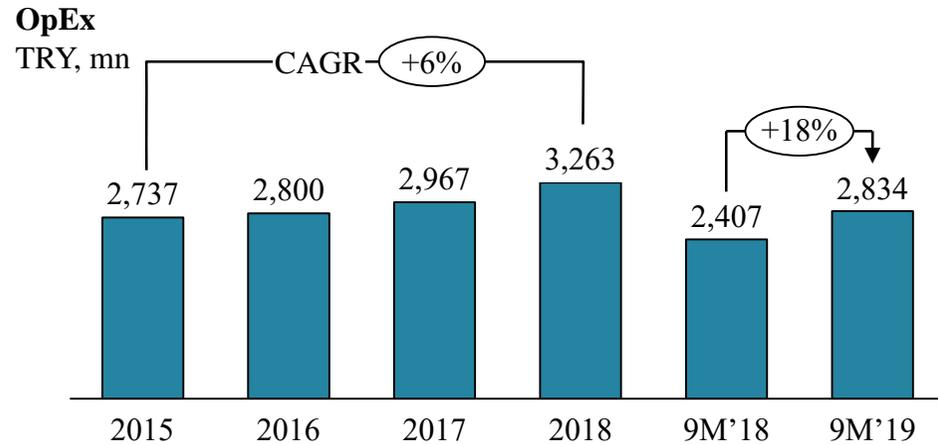


Positive impact from macro parameters update largely offset by front-loaded provisioning

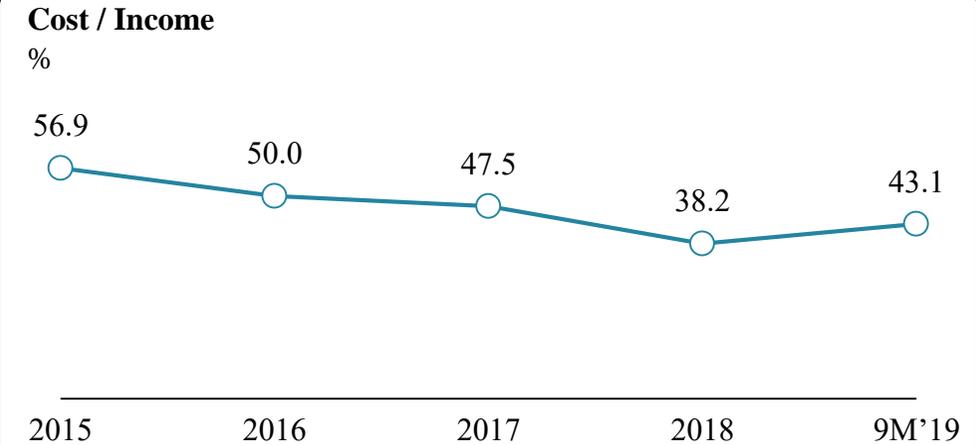


# Diligent focus on cost containment has led to improving efficiency metrics

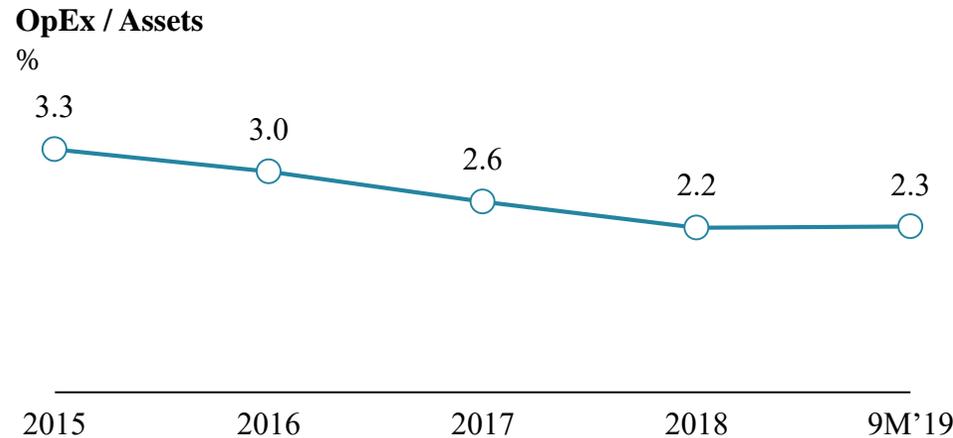
Operating expense growth sustained below average inflation...



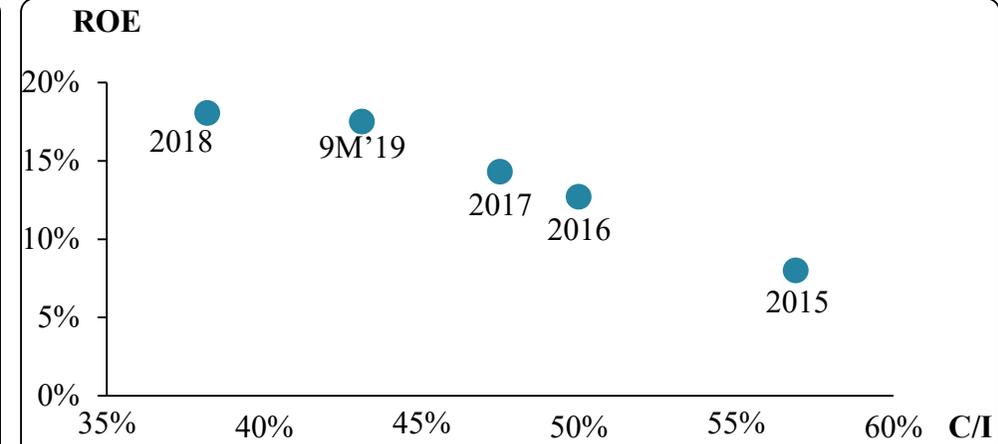
...maintaining low cost/income ratio.



Economies of scale improvement has been maintained



Relatively higher efficiency levels vis a vis historical performance reflected in ROE performance



## Key financial ratios

	Bank only figures	2015	2016	2017	2018 <sup>(1)</sup>	9M'18 <sup>(1)</sup>	9M'19 <sup>(1)</sup>	ΔYoY
<b>Profitability</b>	RoAE	8.0%	12.7%	14.3%	18.1%	17.9%	17.5%	-0.4pps
	RoAA	0.9%	1.3%	1.4%	1.6%	1.6%	1.6%	+0.0pps
	Cost / Income	56.9%	50.0%	47.5%	38.2%	40.6%	43.1%	+2.5pps
	NIM after swap expenses	4.7%	5.2%	4.7%	5.0%	4.7%	4.4%	-0.4pps
<b>Liquidity</b>	Loans / Deposits <sup>(2)</sup>	115.1%	113.2%	116.8%	106.8%	111.4%	101.3%	-10.1pps
	LCR	88.5%	86.2%	102.7%	117.5%	136.4%	128.1%	-8.3pps
<b>Asset quality</b>	NPL Ratio	6.3%	5.8%	5.0%	6.1%	4.7%	6.3%	+1.6pps
	Coverage <sup>(3)</sup>	114.6%	118.6%	116.3%	120.7%	133.8%	112.9% <sup>(4)</sup>	-21pps
	Cost of Risk	2.2%	2.2%	1.7%	2.4%	2.0%	1.9%	-0.1pps
<b>Solvency</b>	CAR	15.4%	14.5%	15.0%	15.4%	16.0%	15.8%	-0.2pps
	Tier I Ratio	12.0%	12.6%	12.3%	11.7%	11.7%	13.2%	+1.5pps
	Liability/Equity	9.5x	10.0x	10.4x	10.8x	12.9x	11.3x	-1.7x

<sup>(1)</sup> IFRS 9 standards implemented as of January 1, 2018

<sup>(2)</sup> Including TL issued bonds, bank deposits & fiduciary deposits excluding CBRT swap transactions

<sup>(3)</sup> Specific and general provisions replaced by ECL methodology with IFRS 9 transition as of January 1, 2018

<sup>(4)</sup> NPL sale of a fully-provisioned TRY919 mn portfolio led to a dilution in 9M'19

## Key strategies in 2019 and going forward

- **Core banking**, i.e., minimum market risk
- **Prudent credit risk management**
- **High liquidity** at all times
- Maintain **above market growth in Corporate & Commercial seeking** to achieve fair market share in the long-term
- **Leverage digital transformation** investments in SME segment for new client gathering as well as increasing service coverage for existing clients in line with our target of becoming **client's 'Main Bank'**
- **Continue targeting above-market growth in Retail** via general purpose loans and renewed emphasis on credit cards with 'high card spend'
- Continued emphasis on building a **stable deposit base** through new channels, offerings to untapped segments and customer groups, stronger loyalty (ie: Turkish Airlines cobranded program) and digital offerings (Digital Affluent Model, enpara.com)
- Leverage **wholesale funding opportunities** presented by strong shareholder structure
- Focus on **fee generation** and **operating expenses control** as well as continuing **improvement on cost of risk** front

# Appendix



# QNB Finansbank BRSA Bank-Only Summary Financials<sup>(1)</sup>

## Income Statement

TRY, mn	2015	2016	2017	2018	9M'18	9M'19	ΔYoY
Net Interest Income (After Swap Expenses)	3,145	3,786	4,276	5,666	3,959	4,166	5%
Net Fees & Commissions Income	1,314	1,363	1,686	2,140	1,491	2,007	35%
Trading & Other Income	351	452	287	728	475	401	-15%
<b>Total Operating Income</b>	<b>4,810</b>	<b>5,600</b>	<b>6,250</b>	<b>8,534</b>	<b>5,925</b>	<b>6,574</b>	<b>11%</b>
Operating Expenses	(2,737)	(2,800)	(2,967)	(3,263)	(2,407)	(2,834)	18%
<b>Net Operating Income</b>	<b>2,073</b>	<b>2,800</b>	<b>3,282</b>	<b>5,270</b>	<b>3,519</b>	<b>3,740</b>	<b>6%</b>
Provisions	(1,170)	(1,316)	(1,233)	(2,212)	(1,323)	(1,410)	7%
<b>Profit Before Tax</b>	<b>903</b>	<b>1,484</b>	<b>2,049</b>	<b>3,059</b>	<b>2,196</b>	<b>2,330</b>	<b>6%</b>
Tax Expenses	(197)	(280)	(446)	(649)	(447)	(370)	-17%
<b>Profit After Tax</b>	<b>706</b>	<b>1,203</b>	<b>1,603</b>	<b>2,410</b>	<b>1,749</b>	<b>1,960</b>	<b>12%</b>

## Balance Sheet

TRY, mn	2015	2016	2017	2018	9M'19	ΔYtD
Cash & Banks <sup>(2)</sup>	10,313	14,925	17,291	19,808	23,754	20%
Securities	9,197	12,950	15,543	21,368	26,702	25%
Net Loans	57,273	62,923	82,683	94,018	103,590	10%
Fixed Asset and Investments <sup>(3)</sup>	2,283	2,912	3,168	4,558	4,786	5%
Other Assets	6,661	7,792	7,172	17,664	15,359	-13%
<b>Total Assets</b>	<b>85,727</b>	<b>101,503</b>	<b>125,857</b>	<b>157,416</b>	<b>174,192</b>	<b>11%</b>
Deposits	48,566	53,939	67,032	87,090	99,147	14%
Customer Deposits	47,009	51,966	65,297	83,413	94,375	13%
Bank Deposits	1,557	1,973	1,735	3,678	4,772	30%
Borrowings	17,278	24,821	34,798	36,602	42,472	16%
Bonds Issued	4,336	4,312	7,914	8,904	12,031	35%
Funds Borrowed	5,640	10,758	16,883	18,166	16,676	-8%
Sub-debt	2,662	3,236	3,511	4,816	5,285	10%
Repo	4,639	6,515	6,490	4,715	8,480	80%
Other	10,860	12,617	11,872	19,152	17,098	-11%
Equity	9,024	10,126	12,155	14,572	15,475	6%
<b>Total Liabilities &amp; Equity</b>	<b>85,727</b>	<b>101,503</b>	<b>125,857</b>	<b>157,416</b>	<b>174,192</b>	<b>11%</b>

# QNB Finansbank BRSA Consolidated Summary Financials<sup>(1)</sup>

## Income Statement

TRY, mn	2015	2016	2017	2018	9M'18	9M'19	ΔYoY
Net Interest Income (After Swap Expenses)	3,272	3,962	4,441	5,861	4,143	4,335	5%
Net Fees & Commissions Income	1,387	1,445	1,783	2,252	1,584	2,097	32%
Trading & Other Income	307	455	413	920	584	579	-1%
<b>Total Operating Income</b>	<b>4,966</b>	<b>5,862</b>	<b>6,636</b>	<b>9,033</b>	<b>6,310</b>	<b>7,011</b>	<b>11%</b>
Operating Expenses	(2,874)	(2,938)	(3,126)	(3,445)	(2,549)	(2,998)	18%
<b>Net Operating Income</b>	<b>2,092</b>	<b>2,923</b>	<b>3,510</b>	<b>5,588</b>	<b>3,761</b>	<b>4,012</b>	<b>7%</b>
Provisions	(1,207)	(1,390)	(1,269)	(2,317)	(1,364)	(1,450)	6%
<b>Profit Before Tax</b>	<b>884</b>	<b>1,533</b>	<b>2,241</b>	<b>3,271</b>	<b>2,397</b>	<b>2,562</b>	<b>7%</b>
Tax Expenses	(204)	(295)	(469)	(698)	(496)	(421)	-15%
<b>Profit After Tax</b>	<b>680</b>	<b>1,238</b>	<b>1,772</b>	<b>2,573</b>	<b>1,901</b>	<b>2,141</b>	<b>13%</b>

## Balance Sheet

TRY, mn	2015	2016	2017	2018	9M'19	ΔYtD
Cash & Banks <sup>(2)</sup>	10,403	15,084	17,424	20,226	24,179	20%
Securities	9,254	12,983	15,608	21,387	26,744	25%
Net Loans <sup>(3)</sup>	58,865	65,452	88,286	100,377	108,874	8%
Fixed Assets & Investments	3,467	2,243	2,427	3,467	3,874	12%
Other Assets	6,060	8,564	7,450	18,045	15,844	-12%
<b>Total Assets</b>	<b>88,049</b>	<b>104,326</b>	<b>131,195</b>	<b>163,500</b>	<b>179,516</b>	<b>10%</b>
Deposits	48,311	53,865	66,934	86,826	99,043	14%
Customer Deposits	46,755	51,892	65,198	83,149	94,271	13%
Bank Deposits	1,557	1,973	1,735	3,678	4,772	30%
Borrowings	19,364	27,351	39,530	42,552	47,180	11%
Bonds Issued	5,827	6,332	10,398	11,850	13,293	12%
Funds Borrowed	6,066	11,164	18,622	20,552	19,916	-3%
Sub-debt	2,662	3,236	3,511	4,816	5,285	10%
Repo	4,809	6,620	7,000	5,334	8,686	63%
Other	10,968	12,806	12,302	19,518	17,419	-11%
Equity	9,405	10,304	12,428	14,603	15,849	9%
<b>Total Liability &amp; Equity</b>	<b>88,049</b>	<b>104,326</b>	<b>131,195</b>	<b>163,500</b>	<b>179,516</b>	<b>10%</b>

# Board of Directors

Name	Position	Background
Dr. Ömer A. Aras	Chairman and QNB Finansbank Group CEO	Founding member of Finansbank Former CEO of Finansbank for 6 years
Sinan Şahinbaş	Vice Chairman	Former CEO of Finansbank for 7 years Previously worked at Treasury, Corp. Banking and Risk Mgmt. departments of Finansbank
Yousef Mahmoud H N Al-Neama	Member of the BoD	Acting Executive General Manager - Acting Group Chief Business Officer Previously worked at Group Corp., Institutional Banking & International Banking of QNB and Doha Bank
Adel Ali M A Al-Malki	Member of the BoD	General Manager - Group Information Technology Previously worked at Development and User Services, E-Business & System Analyst of QNB
Ramzi Talat A Mari	Member of the BoD and Member of the Audit Committee	QNB Group Chief Financial Officer Holds board membership at various QNB subsidiaries in Qatar, Egypt and Jordan
Noor Mohd J. A. Al-Naimi	Member of the BoD and Member of the Audit Committee	QNB General Manager Group Treasury Assistant General Manager Executive Manager Holds board membership at QNB AlAhli S.A.E
Fatma A Al-Suwaidi	Member of the BoD	QNB Group Chief Risk Officer Holds board membership at various QNB subsidiaries in Tunisia and UAE
Ali Teoman Kerman	Member of the BoD and Chairman of the Audit Committee	Former Vice Under-Secretary of Treasury Former Vice President of BRSA Former Board Member of SDIF Board Member at Bahçeşehir University Graduate School of Business
Dr. Osman Reha Yolalan	Member of the BoD	Current Vice President of Corporate Affairs at Tekfen Holding Former CEO of Yapı Kredi Part-time Professor at various universities
Durmuş Ali Kuzu	Member of the BoD and Member of the Audit Committee	Former Vice President of BRSA Experience at Vakıfbank, Emlakbank, Treasury, Public Oversight Institution
Temel Güzeloğlu	Member of the BoD and QNB Finansbank CEO	Former EVP of Retail Banking and Strategy Experience at Unilever, Citibank, McKinsey & Co.

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