



# Investor Presentation with 9M'17 Financials

October 2017

# Executive summary

## **Structurally attractive Turkish Economy Underpinning A Dynamic Banking Sector**

- Turkish market presents a strong opportunity among emerging markets thanks to large and growing economy energized by a highly attractive demographic profile
- In this macro backdrop, banking sector has a promising future, with growth opportunities implied by current product and volume penetration figures, and a profitability higher than that of emerging market peers
- Tight monetary stance of the Central Bank helped ease the currency volatility paving the way for realization of growth objectives
- With positive impact from macro incentives headlined by the Credit Guarantee Fund program, strong growth returned to lending

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

- QNB Finansbank is one of the strongest players in this market with 5<sup>th</sup> ranking across most categories among privately owned banks
- It 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
- It has shown strong financial performance beyond its scale even in most volatile market conditions driven by differentiation, adaptability and right people brought together

## **New Shareholder Opens a New Frontier to QNB Finansbank**

- Recent acquisition by QNB positions QNB Finansbank as the Turkish bank with the strongest shareholder
- QNB is the largest player in Middle East and Africa by all critical measures and has the highest ratings among all banks with a presence in Turkey
- Its 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
- QNB Finansbank already started seeing positive impact of new shareholder structure in funding costs and trade volumes
- With the new shareholder, QNB Finansbank will add a new growth chapter in its successful history capturing its fair share in Corporate and Commercial Banking while sustaining its success in Retail and SME Banking

# Contents

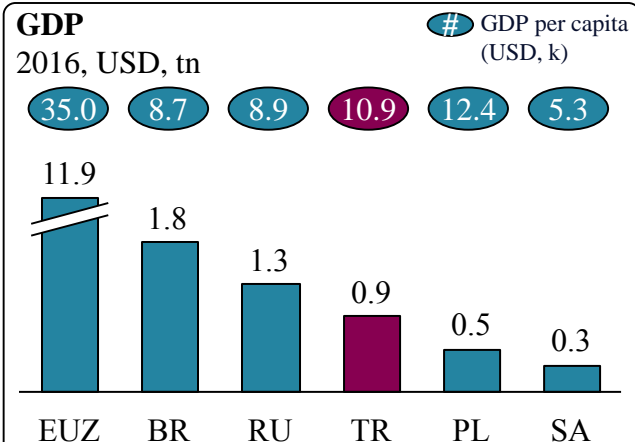
- |   |   |
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| 1 | Macro-economic Overview                                   |
| 2 | QNB Finansbank and QNB Group at a Glance                  |
| 3 | Loan-based Balance Sheet Delivering High Quality Earnings |
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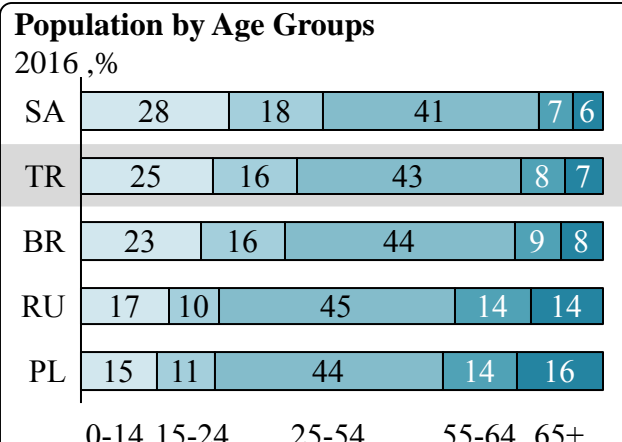
# Macro-economic Overview

# Structurally attractive Turkish economy and focus on fiscal discipline<sup>(1)</sup>

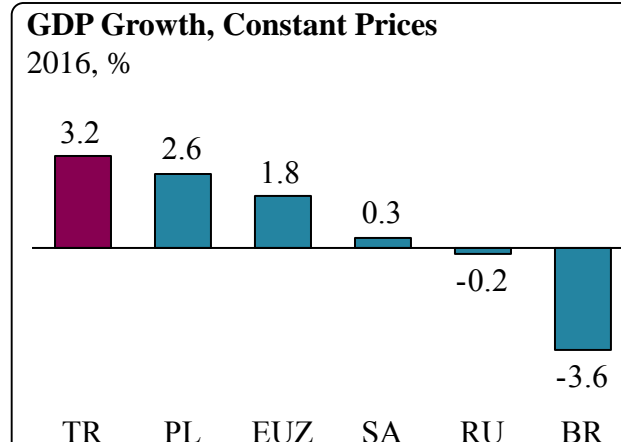
## Large economy with low GDP / capita...



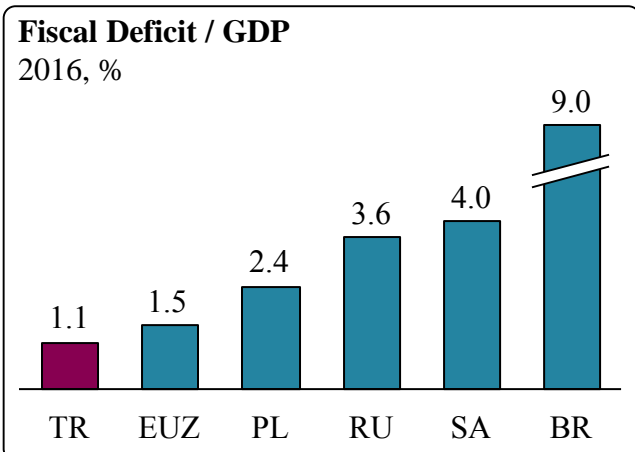
## ...and highly attractive demographic profile



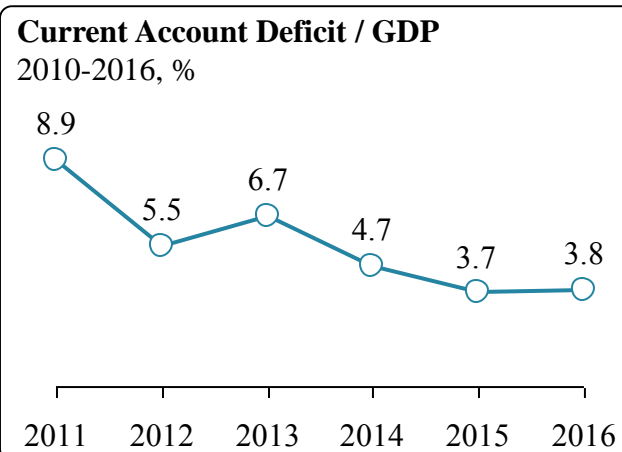
## ... generating high real GDP growth



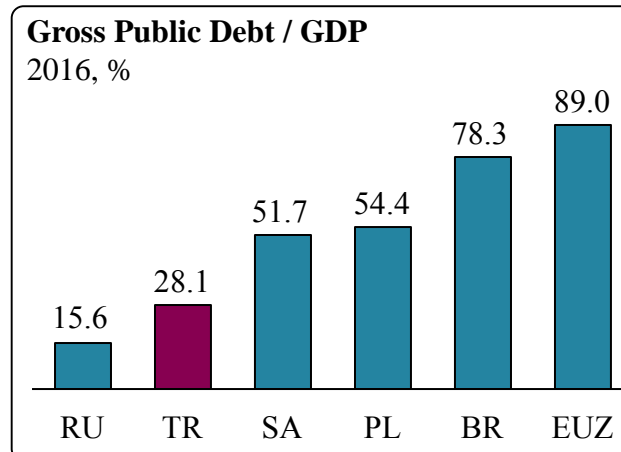
## Low fiscal deficit...



## ... and controlled external deficit...



## ... with low public debt

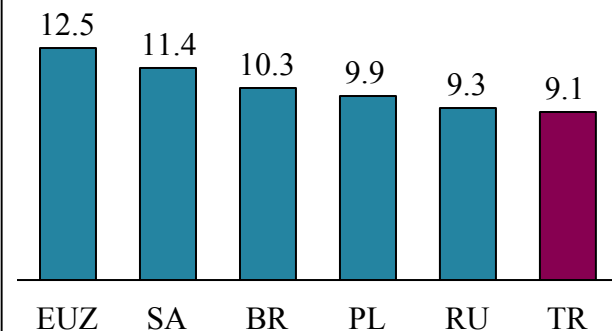


# Sound banking system with inherent growth potential<sup>(1)</sup>

## Low leverage ratio...

### Leverage ratio

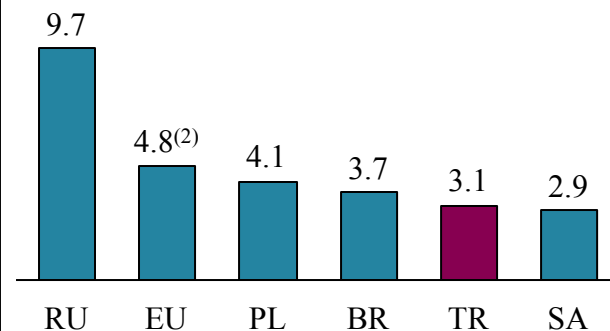
6M'17



## ... and limited NPL levels...

### NPL ratio

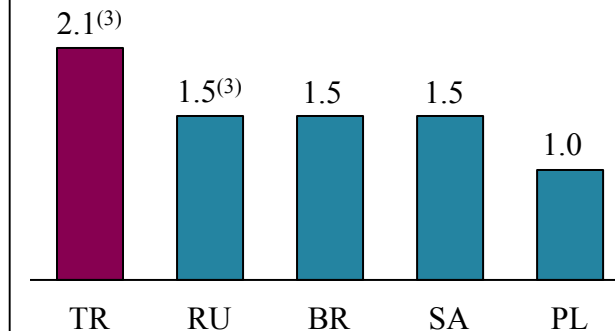
6M'17, %



## ... with strong profitability characteristics

### Banking Sector Pre-tax RoA

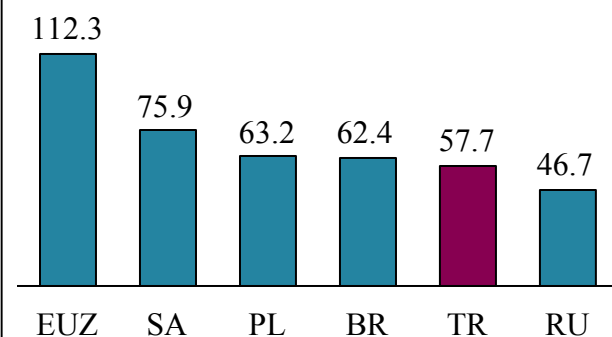
2010-6M'17 average, %



## Further growth potential in deposits...

### Deposits / GDP

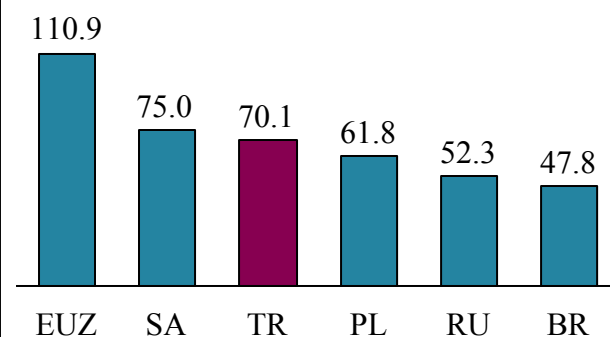
6M'17, %



## ... feeding overall lending growth potential...

### Loans / GDP

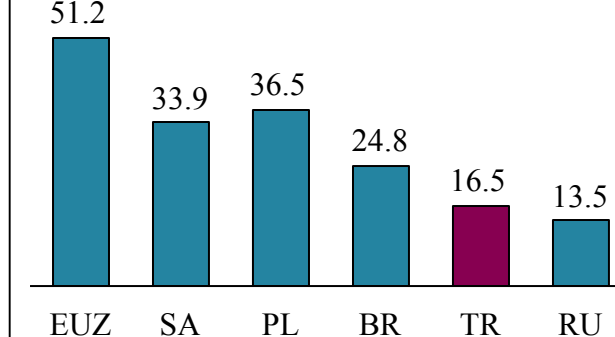
6M'17, %



## ... as well as ongoing retail lending growth

### Household debt / GDP

6M'17, %



# Lacklustre credit growth of 2016 has turned high pace in 2017 thanks to Credit Guarantee Fund Incentive Program

## Credit Guarantee Fund Program

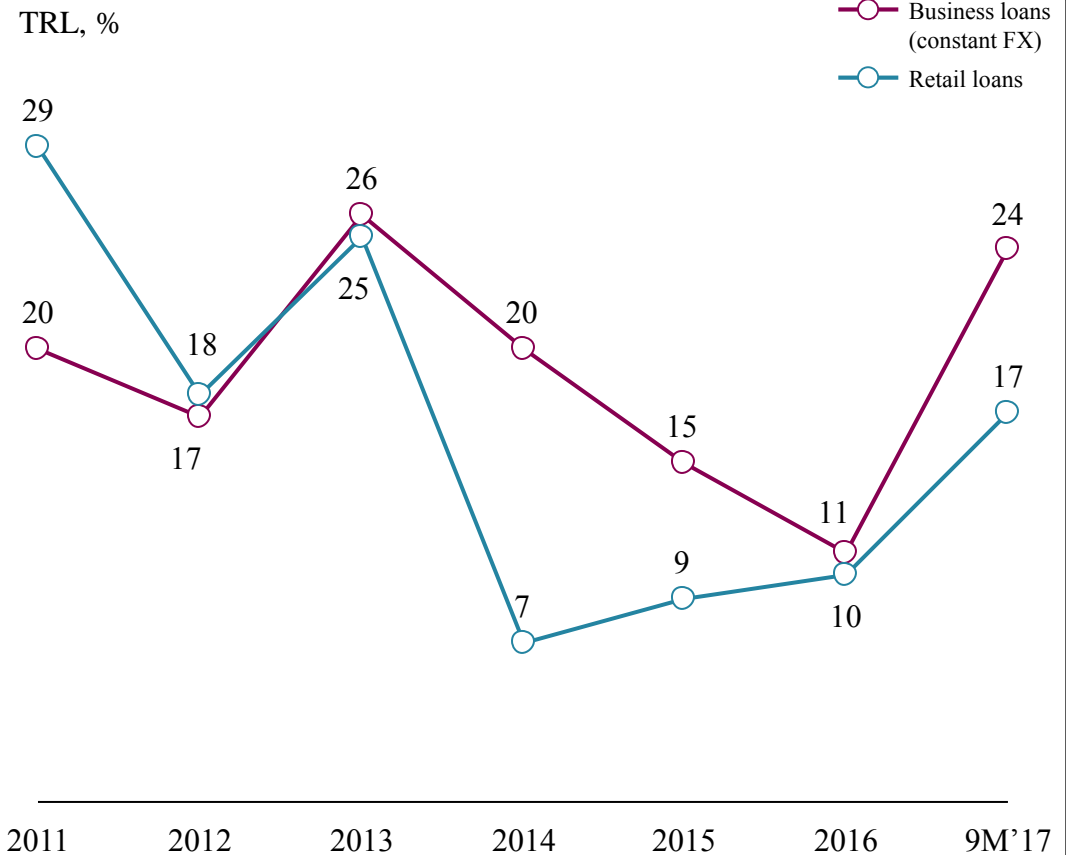
- Total guaranteed portfolio size: TRL 250bn<sup>(1)</sup>
- Individual client loan size cap for PGS
  - SME: TRL 12mn
  - Commercial: TRL 50mn
- Guarantee ratio
  - SME: 90%
  - Commercial: 85%
  - Exporter: 100%
- NPL cap for guarantee: 7% of total portfolio

- A total of TRL 250-280bn loans will be under CGF guarantee at the end of the program
- This is equal to 22% of business loans at the end of 2016

## Regulatory changes to support retail loan growth

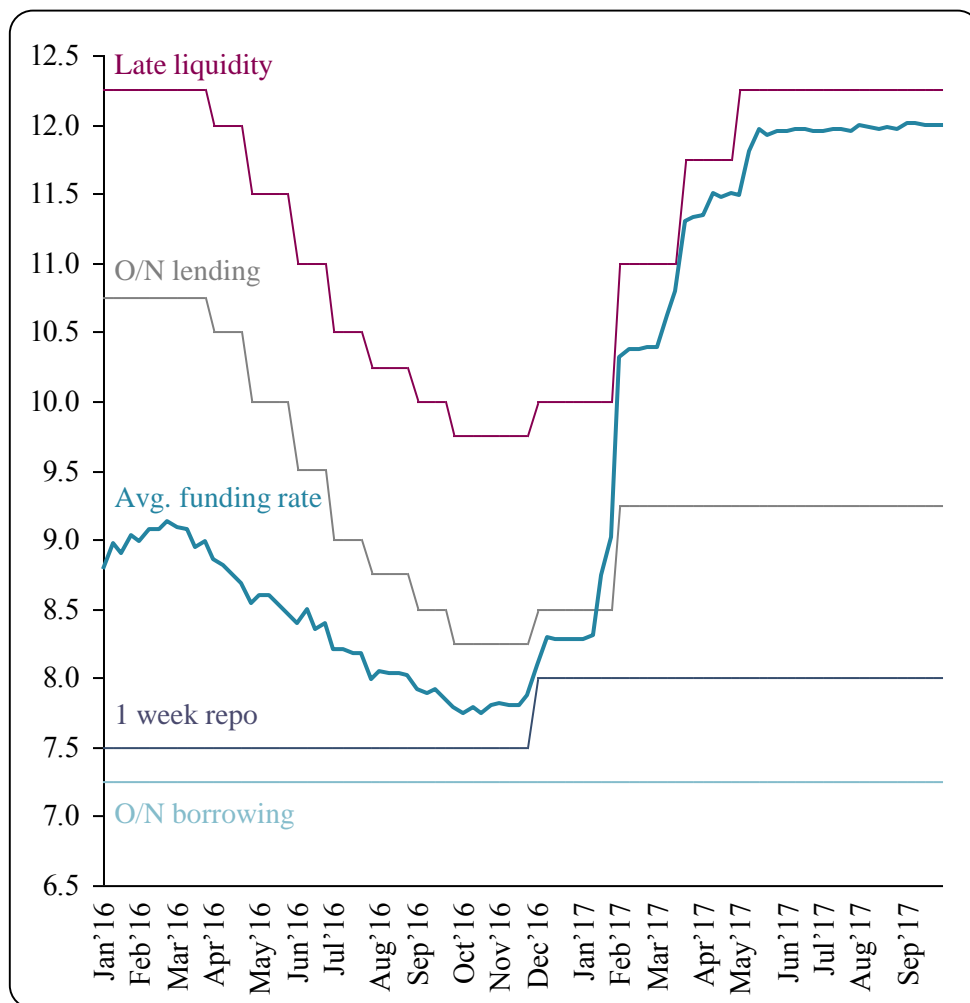
- Extended maximum loan maturity from 36 to 48 months
- General provision on retail loans reduced from 4% to 1%
- Risk weighting of retail loans realigned to international standards
- LTV on mortgages increased from 75% to 80%

## Annualized credit growth rate in Turkish market

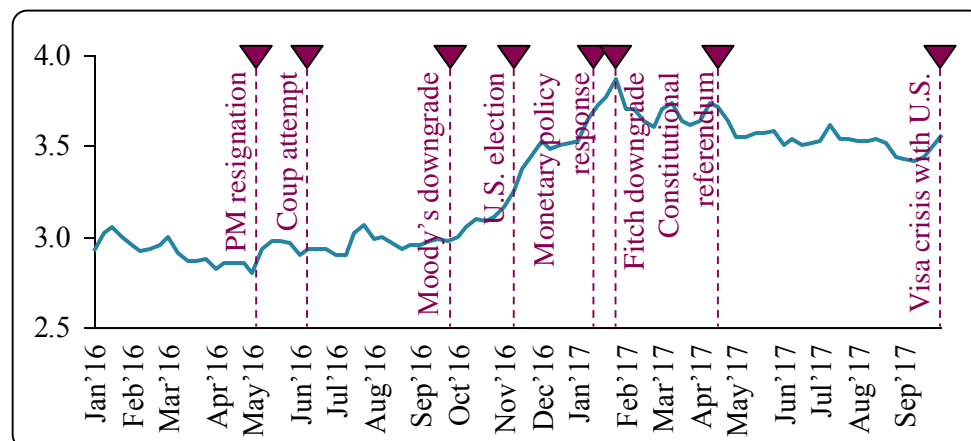


# Effective tightening of monetary policy alleviated FX volatility

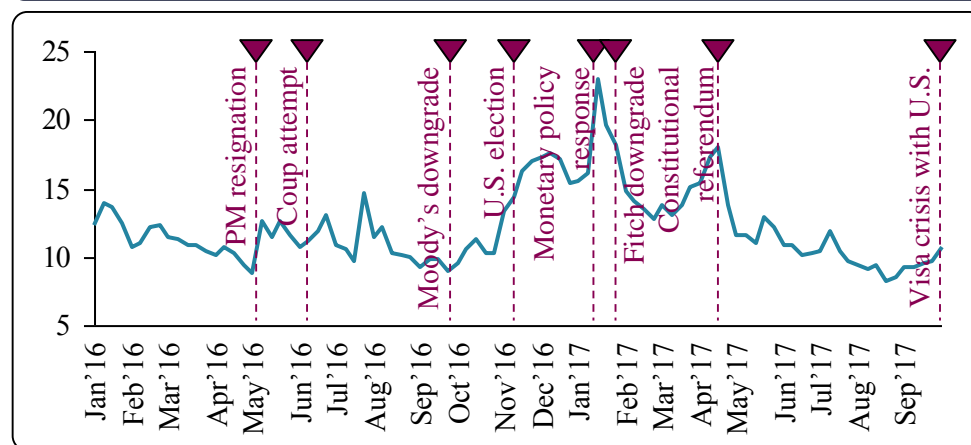
## Central Bank rates



## TRL against USD



## Options implied TRL volatility



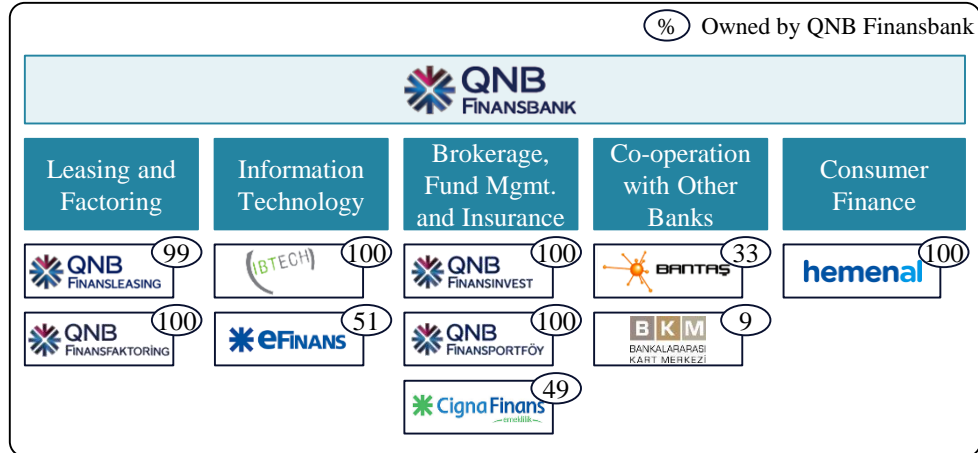


A decorative graphic on the right side of the slide, consisting of a dark red background with a light red diagonal band and a dark red curved shape that resembles a folded corner.

# **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'17
TRL, bn	
Total assets	120.0
Net loans	79.0
Customer deposits	63.1
Shareholder's equity	11.7
Branches (#)	580
Active customers (mn)	5.3
Bank only employees (#)	11,815

## QNB Finansbank market positioning

### Bank only, 6M'17

	Branch	Total assets	Total loans	Total deposits	GPL <sup>(2)</sup>	Credit cards	Comm. install. loan	Mortgage
1 <sup>st</sup>	İşbank	İşbank	İşbank	İşbank	İşbank	Garanti	İşbank	Garanti
2 <sup>nd</sup>	Garanti	Garanti	Garanti	Garanti	Garanti	Yapı Kredi	Garanti	İşbank
3 <sup>rd</sup>	Yapı Kredi	Akbank	Yapı Kredi	Akbank	Yapı Kredi	İşbank	Yapı Kredi	Akbank
4 <sup>th</sup>	Akbank	Yapı Kredi	Akbank	Yapı Kredi	Akbank	Akbank	QNB Finansbank	Yapı Kredi
5 <sup>th</sup>	Denizbank	QNB Finansbank	QNB Finansbank	Denizbank Denizbank	QNB Finansbank	QNB Finansbank	Akbank	TEB
6 <sup>th</sup>	QNB Finansbank	Denizbank Denizbank	QNB Finansbank	QNB Finansbank	Denizbank	TEB	QNB Finansbank	QNB Finansbank
7 <sup>th</sup>	TEB	TEB	TEB	TEB	ING	HSBC	Denizbank Denizbank	Denizbank
8 <sup>th</sup>	ING	ING	ING	ING	TEB	TEB	ING	ING
9 <sup>th</sup>	HSBC	HSBC	HSBC	HSBC	HSBC	ING	HSBC	HSBC

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

(1) In terms of total loans, total assets

(2) Includes overdrafts

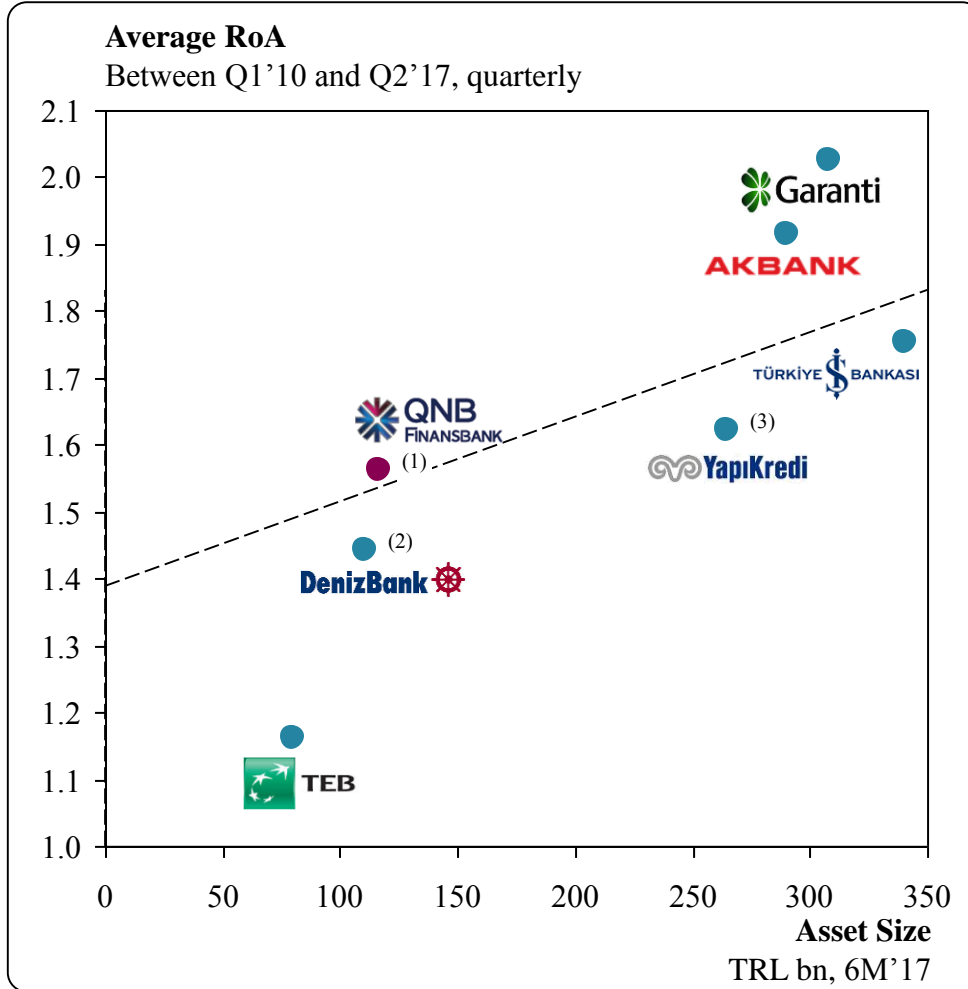
Source: BRSA bank only data; BAT

# QNB Finansbank covers Turkish geography through a diverse distribution network and market's only “pure digital bank”



# QNB Finansbank has shown success beyond its scale in volatile market settings

## Financial performance since 2010



## Drivers of QNB Finansbank's performance resilience

### Differentiation

Unique practices delivering market leading financial results

### Adaptability

Entrepreneurial **culture and capabilities to adapt** to changing market conditions

### Right people

**Right people** brought together via a clear guidance of meritocracy and an aspiration for diversity that forms the basis of everything

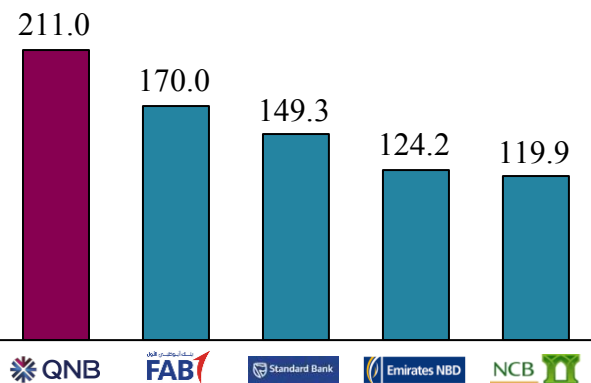
# QNB’s ownership of Finansbank brings a strong support to one of market’s leading performers

	QNB Finansbank	QNB Group																					
Shareholder Structure	<div><div>%</div><div><table><tr><td>Qatar National Bank</td><td>99.88</td></tr><tr><td>Other</td><td>0.12</td></tr></table></div></div>	Qatar National Bank	99.88	Other	0.12	<div><div>%</div><div><table><tr><td>Qatar Investment Authority</td><td>50.0</td></tr><tr><td>Private Sector</td><td>50.0</td></tr></table></div></div>	Qatar Investment Authority	50.0	Private Sector	50.0													
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Ratings	<table><tr><th></th><th>Moody's</th><th>Fitch</th></tr><tr><td>Foreign Currency Long-term Debt</td><td>Ba1</td><td>BBB-</td></tr><tr><td>Foreign Currency Short-term Debt</td><td>NP</td><td>F3</td></tr></table>		Moody's	Fitch	Foreign Currency Long-term Debt	Ba1	BBB-	Foreign Currency Short-term Debt	NP	F3	<table><tr><th></th><th>Moody's</th><th>Fitch</th><th>S&amp;P</th></tr><tr><td>Foreign Currency Long-term</td><td>Aa3</td><td>A+</td><td>A</td></tr><tr><td>Foreign Currency Short-term</td><td>P-1</td><td>F1</td><td>A-1</td></tr></table>		Moody's	Fitch	S&P	Foreign Currency Long-term	Aa3	A+	A	Foreign Currency Short-term	P-1	F1	A-1
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	Moody's	Fitch	S&P																				
Foreign Currency Long-term	Aa3	A+	A																				
Foreign Currency Short-term	P-1	F1	A-1																				
Corporate Information	<ul style="list-style-type: none"><li>• Focused on traditional banking activities, complemented by ancillary services (investment banking, brokerage, leasing, factoring, asset management)</li><li>• Important partnerships in insurance with leading international institutions (Sompo Japan in basic insurance and Cigna in life insurance and private pensions)</li></ul>	<ul style="list-style-type: none"><li>• Largest bank in Qatar by market cap., assets, loans, deposits and profit</li><li>• Largest bank in MEA by total assets, loans, deposits and profit</li><li>• Operating in more than 31 countries around the world across 3 continents</li><li>• More than 1,230 locations, supported by more than 4,200 ATMs and employing more than 27,800 staff</li></ul>																					

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

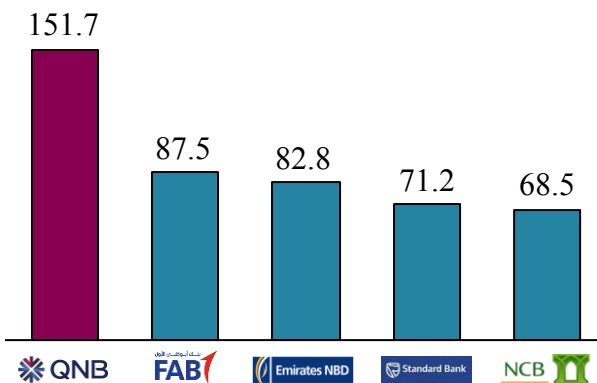
## Total Assets

USD bn, Jun'17



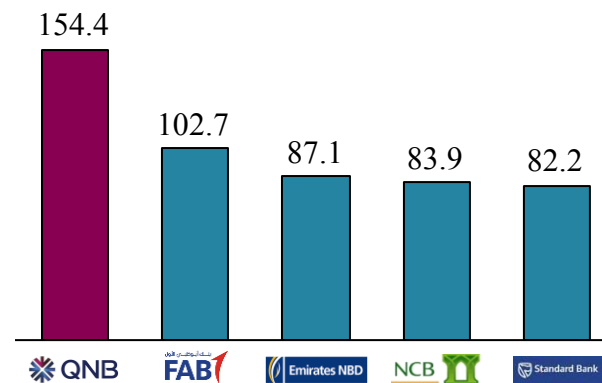
## Loans

USD bn, Jun'17



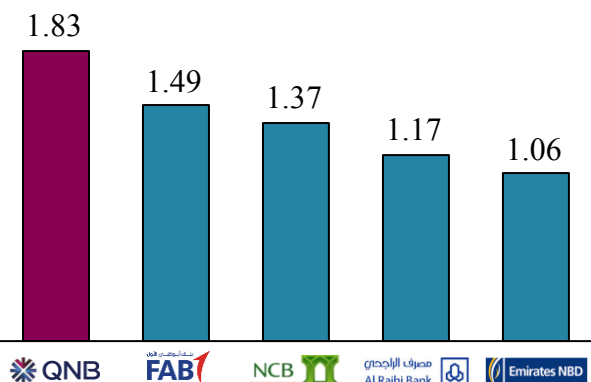
## Deposits

USD bn, Jun'17



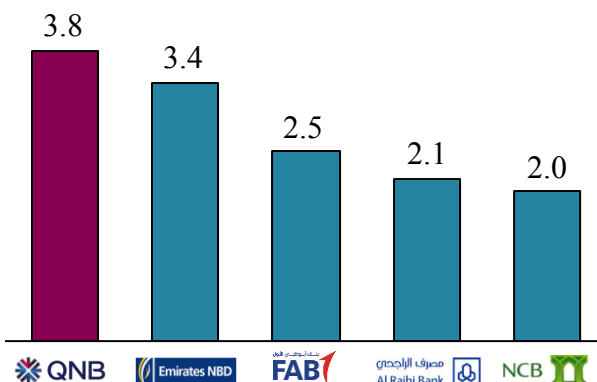
## Net Profit

USD bn, Jun'17



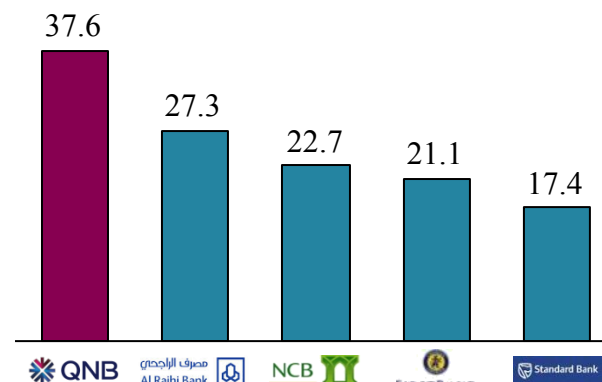
## Top MEA Banking Brands

USD bn, Dec'16



## Top MEA Banks by Market Cap

USD bn, Dec'16



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

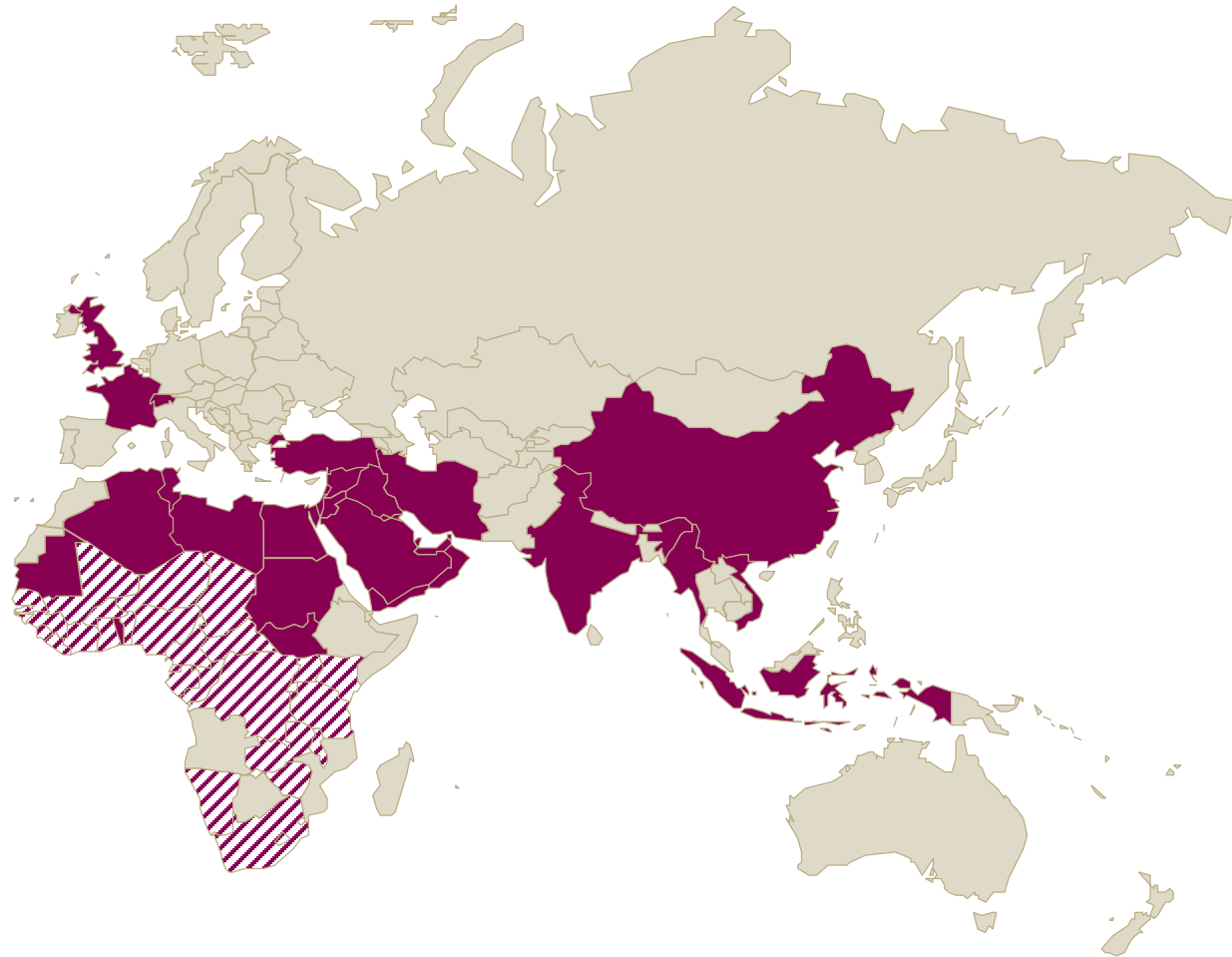
-  QNB presence
-  QNB footprint<sup>(1)</sup>
-  Top 40 trade partners of Turkey

## Middle East

	Qatar	
	KSA	
	Jordan	
	UAE	
	Syria	
	Palestine	
	Iraq	
	Oman	
	Bahrain	
	Kuwait	
	Lebanon	
	Yemen	
	Iran <sup>(2)</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	



# Strong deployment of “QNB” brand across the country supports capturing synergies...

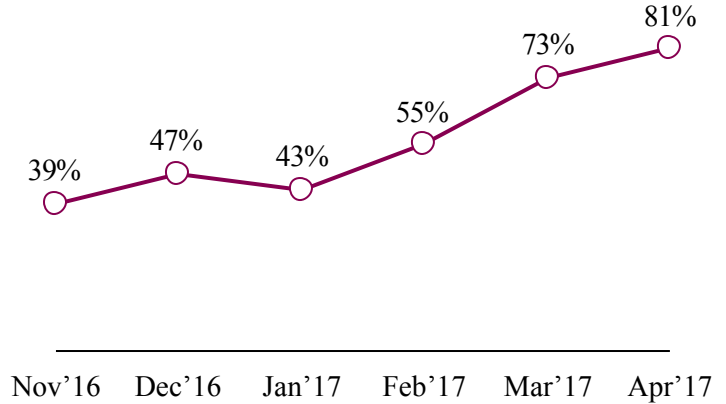
## Bank rebranding launch through a new media campaign



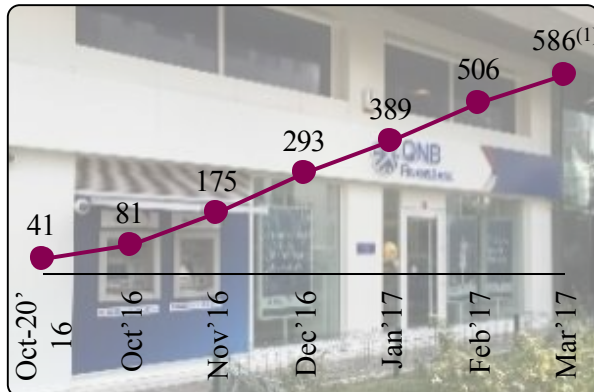
## Professional sports sponsorships



## “QNB” brand standalone awareness in Turkey



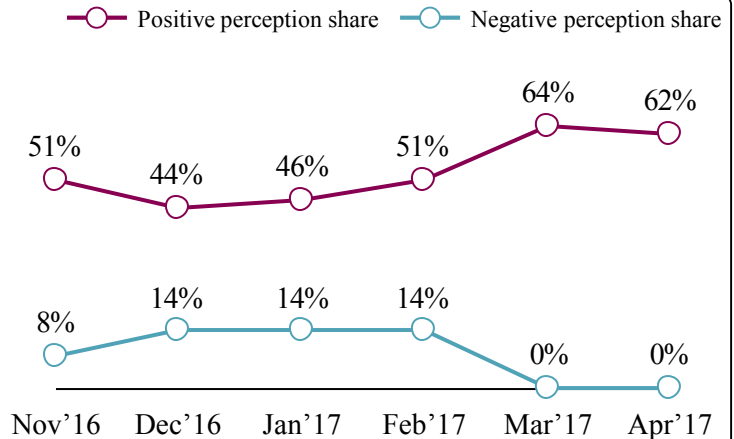
## Rebranding of all branches



## Relaunch of CardFinans platform



## Customer perception of QNB acquisition



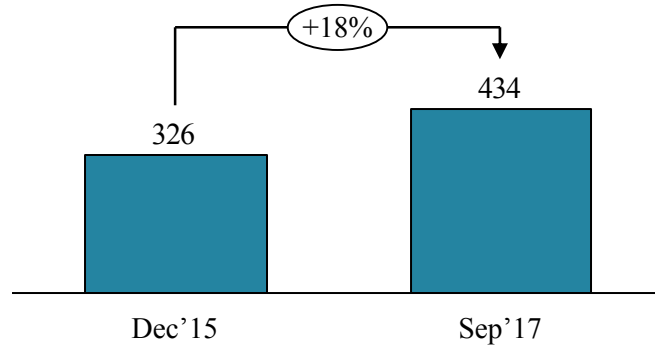


## ... supporting growth in a new segment of clients or strengthening areas of weakness

### Strong client base growth in retail deposits ensuring stable and cheaper funding

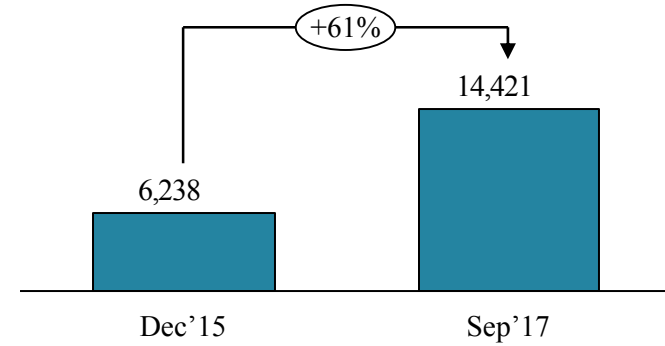
#### Number of retail deposit clients<sup>(1)</sup>

Thousands



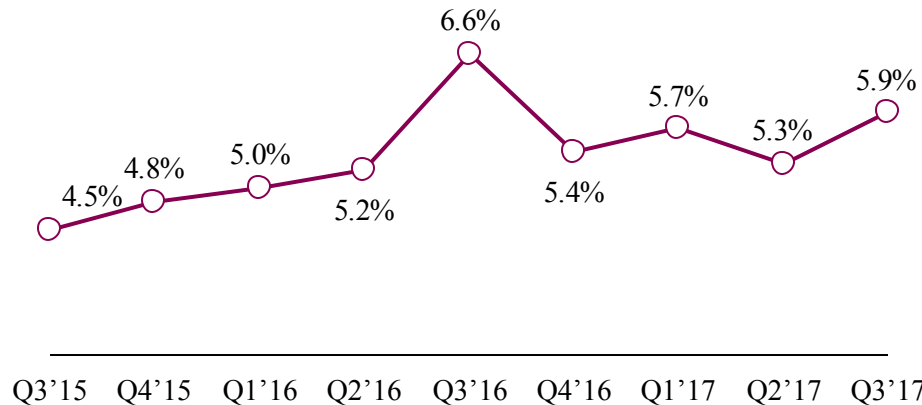
### Ability to attract stable and cheap deposits from SME clients

#### Number of active SME time deposit clients<sup>(2)</sup>



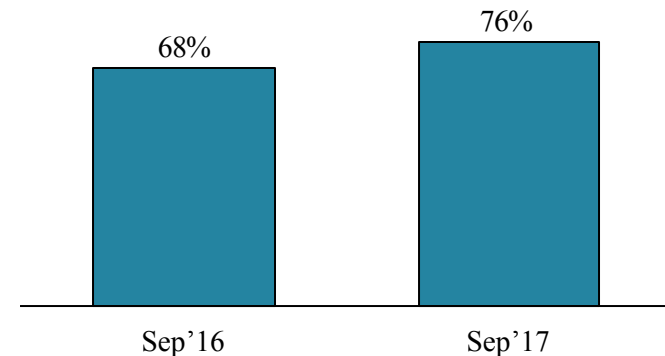
### Leveraging groups geographic footprint and stronger correspondent access for improving trade business

#### Trade finance market share



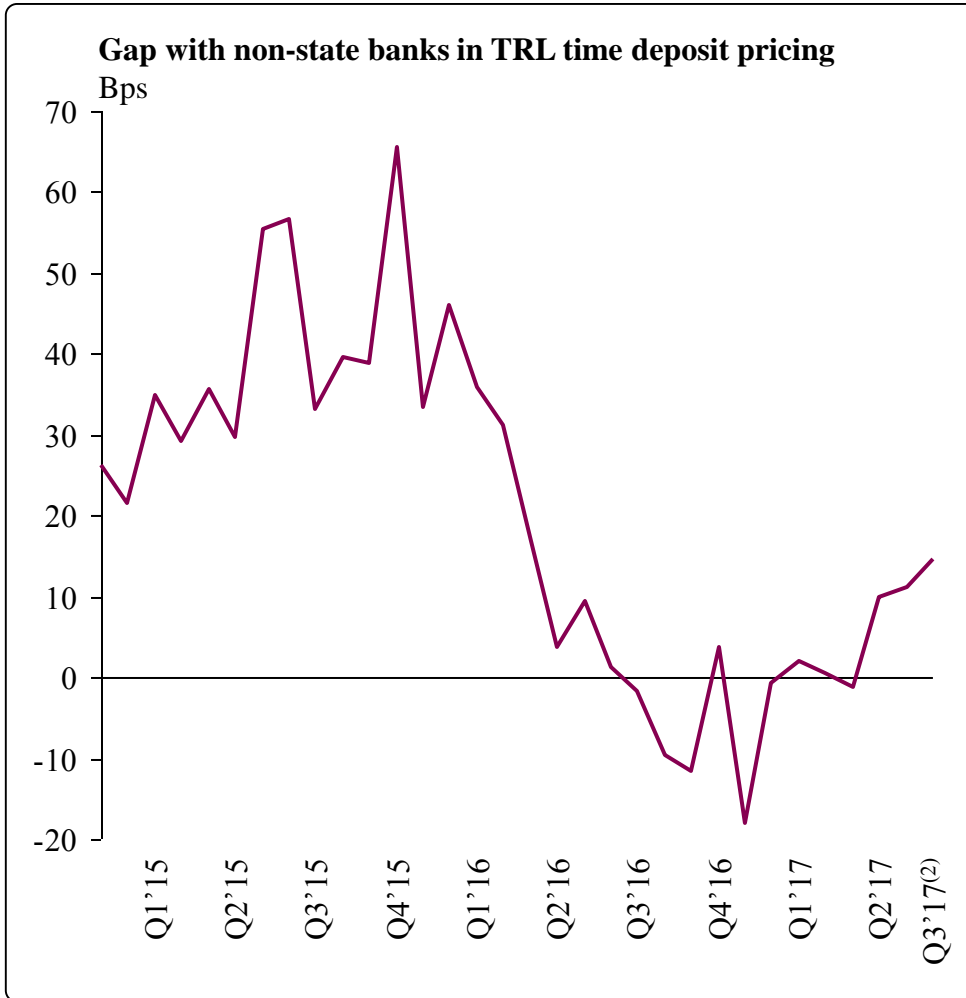
### Significant improvement in SME lending thanks to more competitive pricing

#### Share of low risk clients in SME portfolio

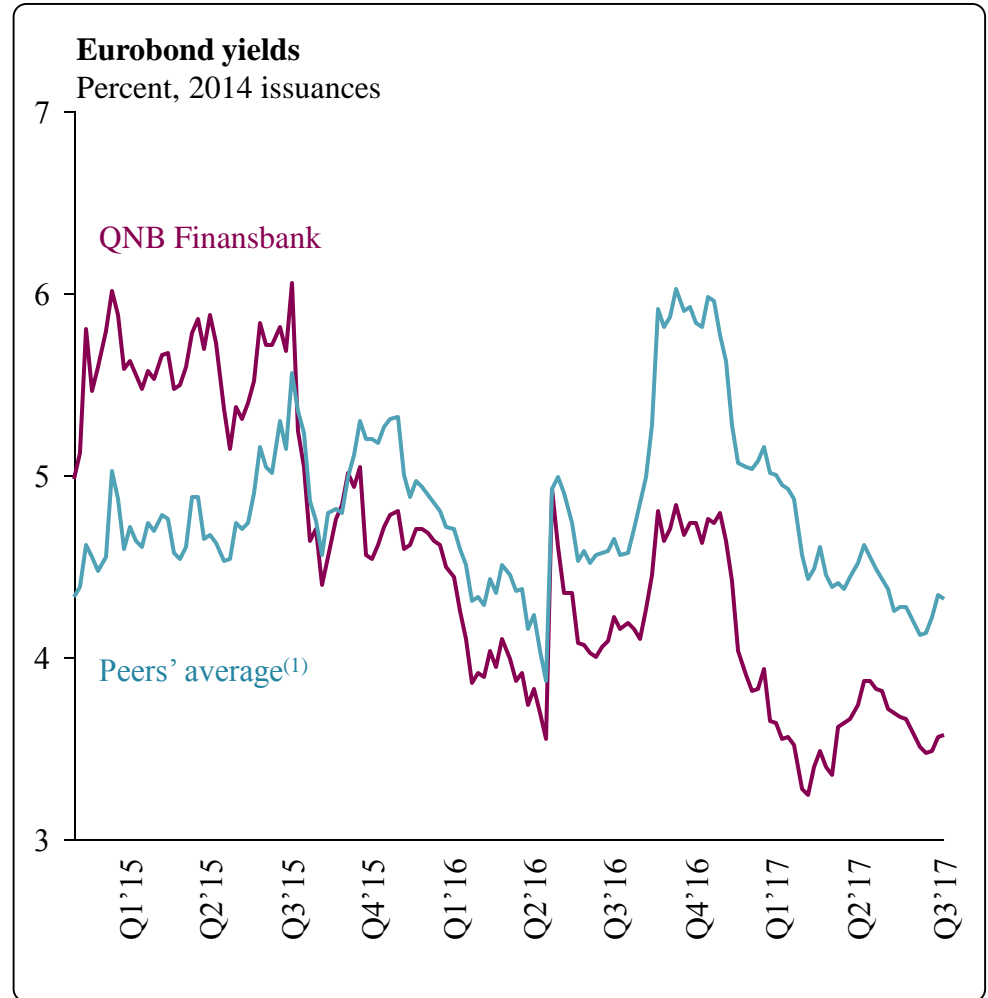


## ... and delivering improvement in cost of funding

**QNB Finansbank's deposit funding costs converged to the sector...**



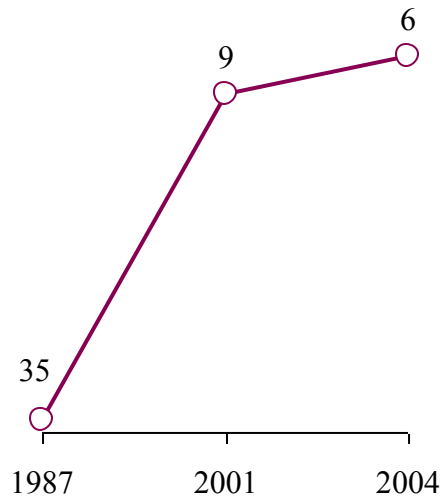
**....while wholesale funding costs declined immediately following announcement of acquisition**



# The new shareholder opens a new frontier of growth for one of Turkey's top performers

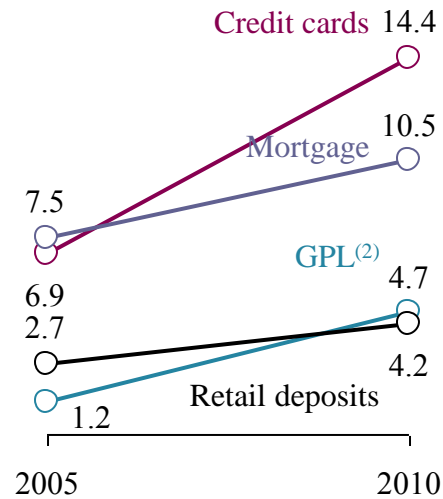
**1987-2004:** Fast growth behind leadership in Corporate & Commercial Banking

**Total Assets**  
Ranking in Private Banks<sup>(1)</sup>



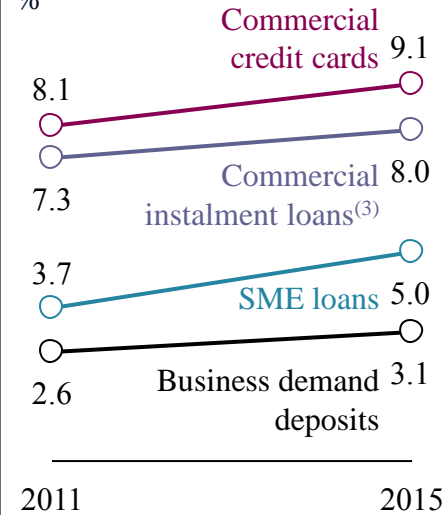
**2005-2011:** Retail banking boom with market leading growth and success

**Market share**  
%



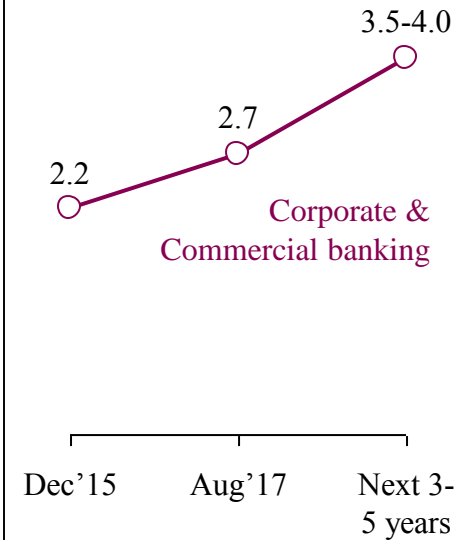
**2012-2016:** Business banking growth with productivity and risk focus

**Market share**  
%



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

**Market share**  
%

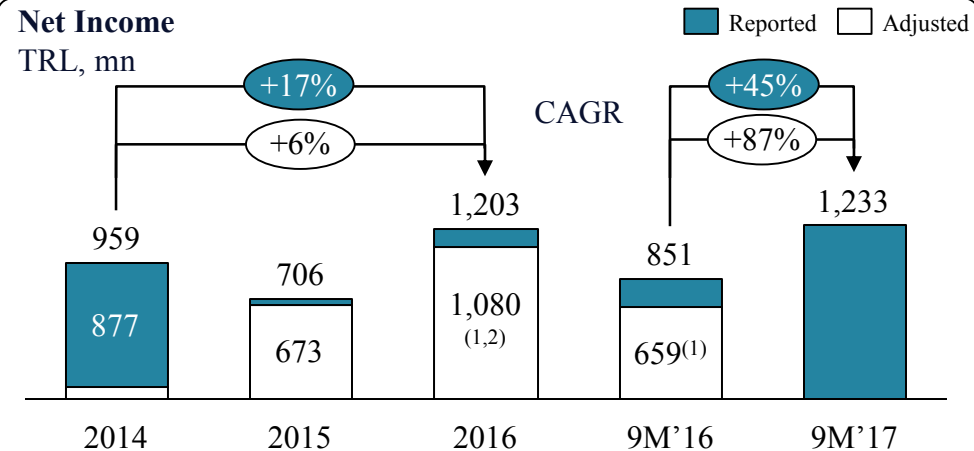




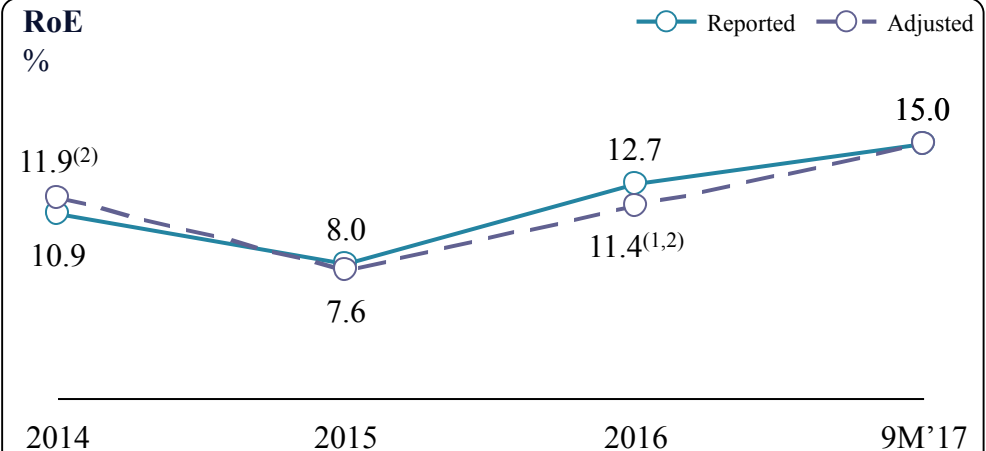
# **Loan-based Balance Sheet Delivering High Quality Earnings**

# Strong profitability continued with controlled asset quality and comfortable capital position

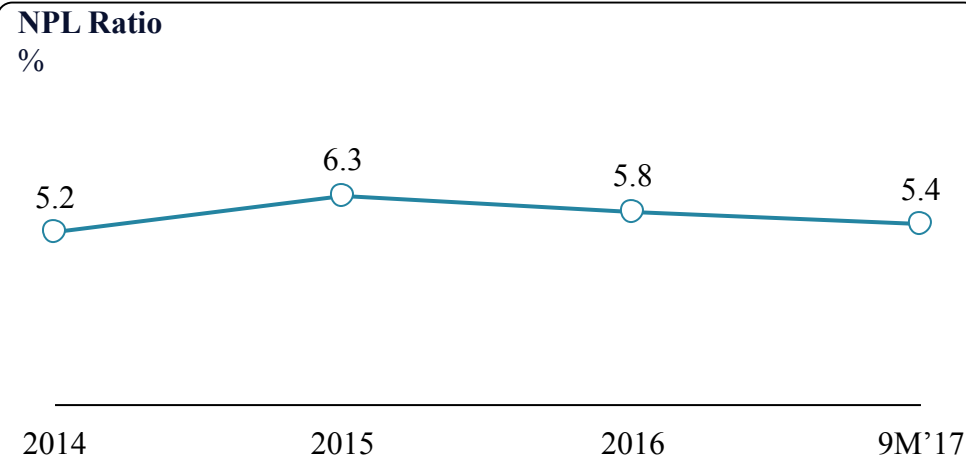
## Sustained strong net income performance



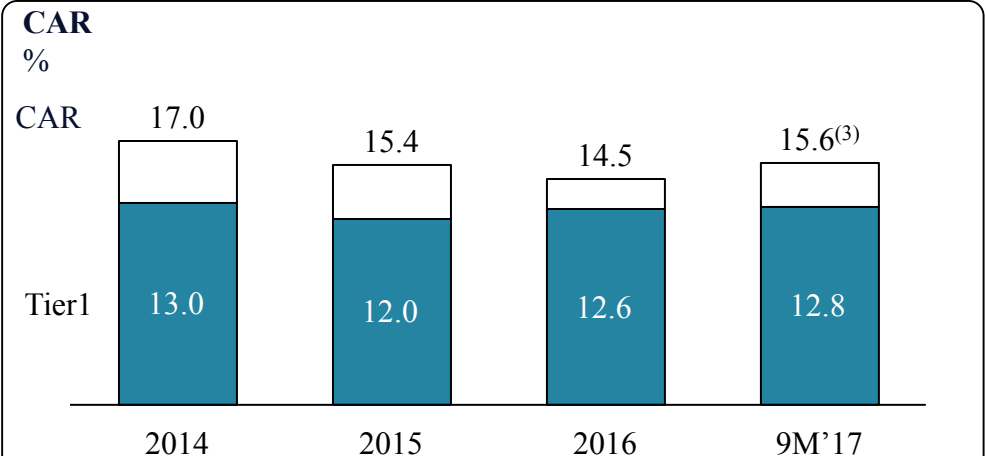
## RoE consistently on upwards trend with strong boost over 2016



## Ongoing asset quality improvement



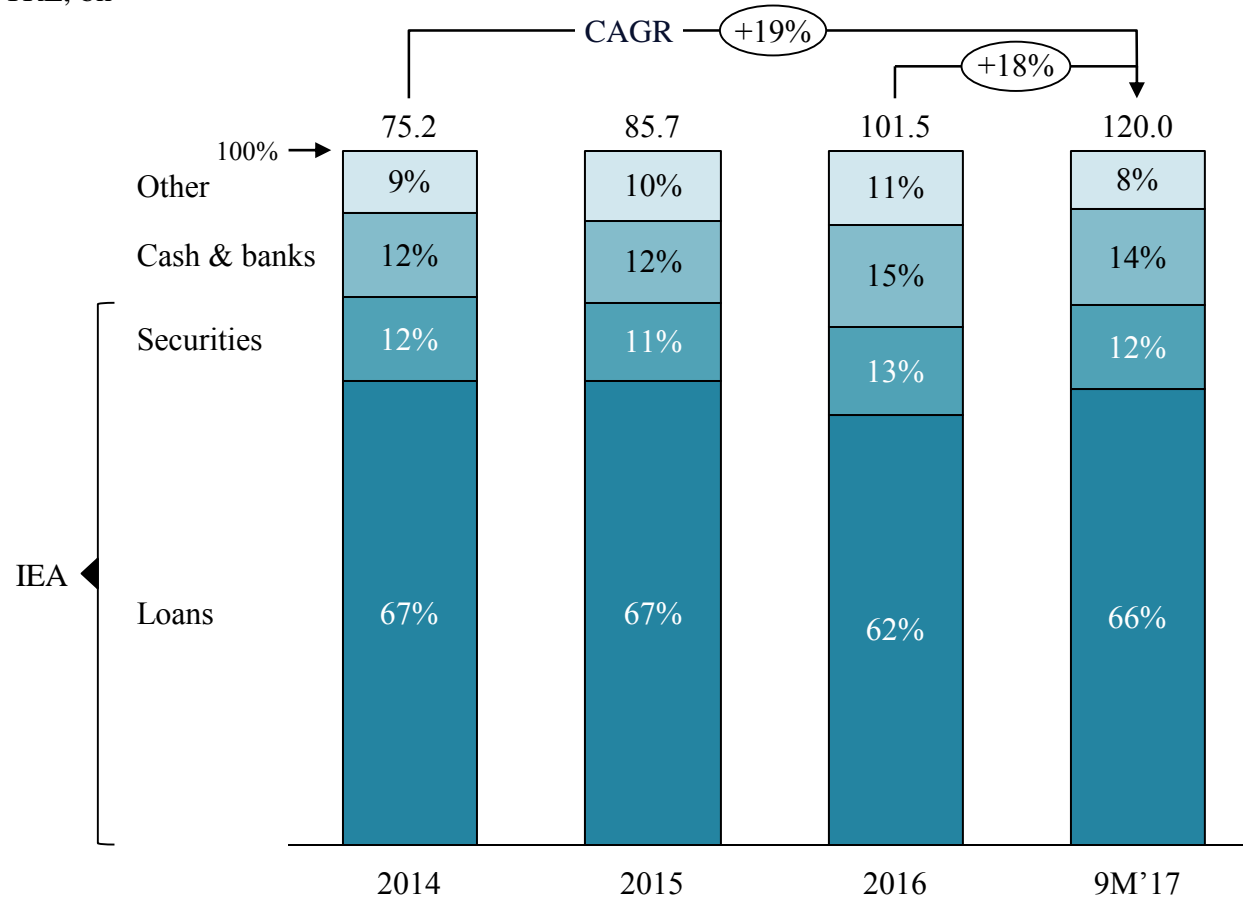
## Strong capital adequacy; additional buffers remain



# Asset size reached TRL 120bn with 19% average annual growth over last three years while 2017 YTD growth significantly outpacing historical figures

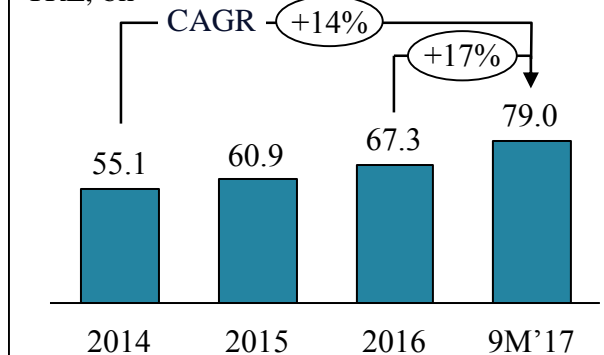
## Loan heavy balance sheet with above market growth in 2017

**Total Assets**  
TRL, bn



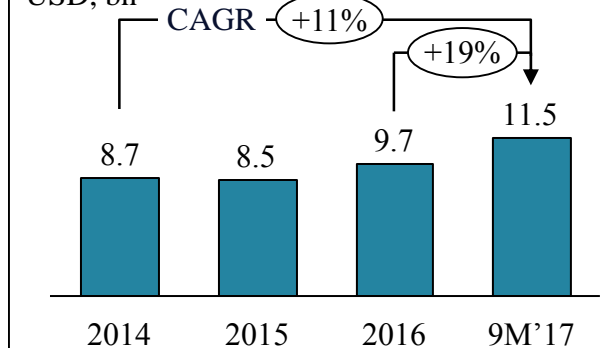
## TRL assets growth significantly picked-up in 2017

**TRL Assets**  
TRL, bn



## Stable growth of FX assets due to shift to business banking and growing FX securities

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

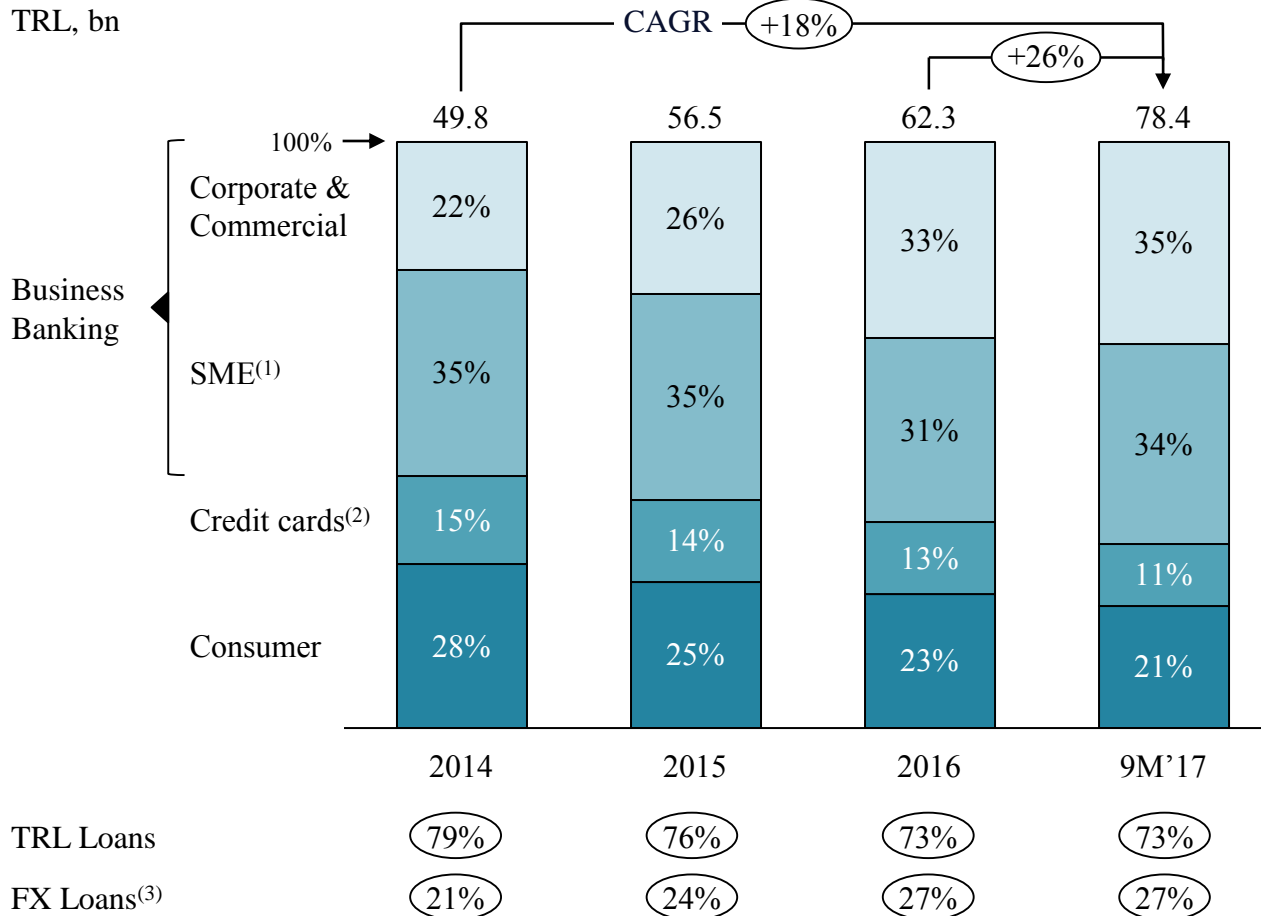


# Sustained and successful execution of the growth strategy...

**Loan book continued to shift towards business banking with accelerated growth in 9M'17 supported by CGF program**

## Performing Loans by Segment and Currency

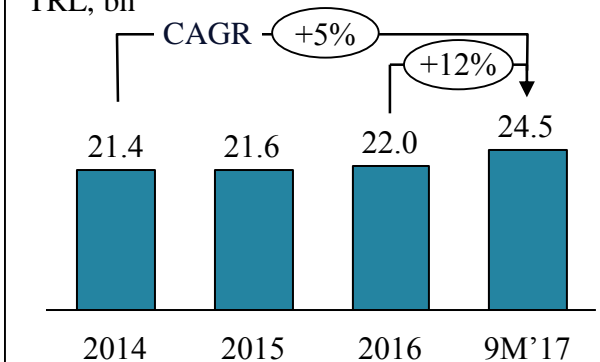
TRL, bn



**Retail loans are almost flat over the period with growth picking up in 2017**

## Retail Loans

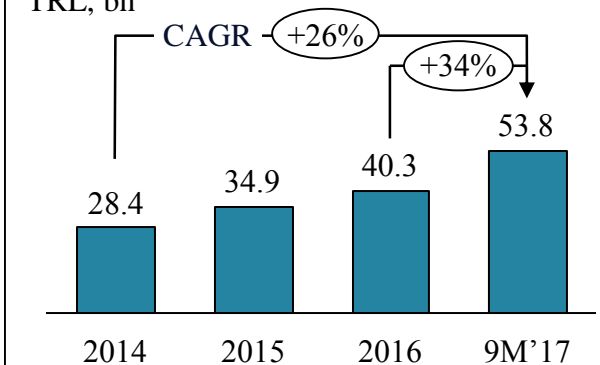
TRL, bn



**Significant growth in business loans**

## Business Loans

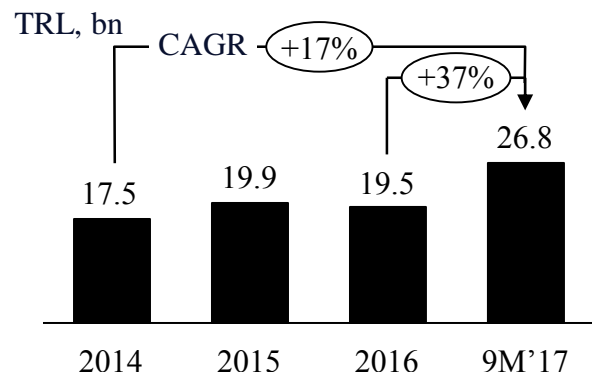
TRL, bn



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

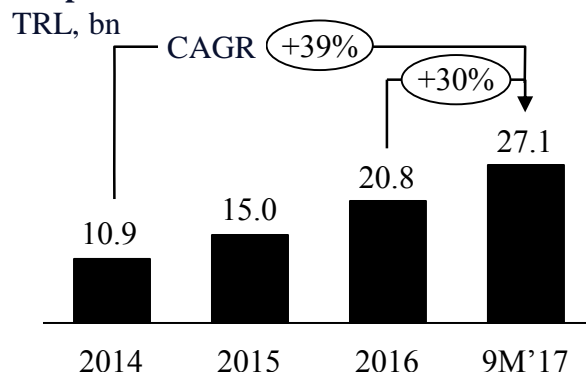
### Strong SME loan growth with focused use of CGF program

#### SME Loans<sup>(1), (2)</sup>



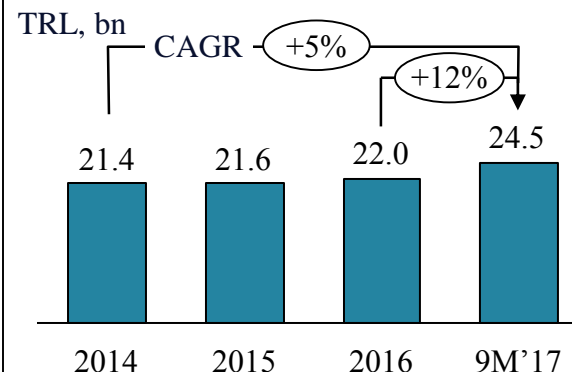
### Strong growth in corporate & commercial loans

#### Corporate & Commercial Loans<sup>(1)</sup>



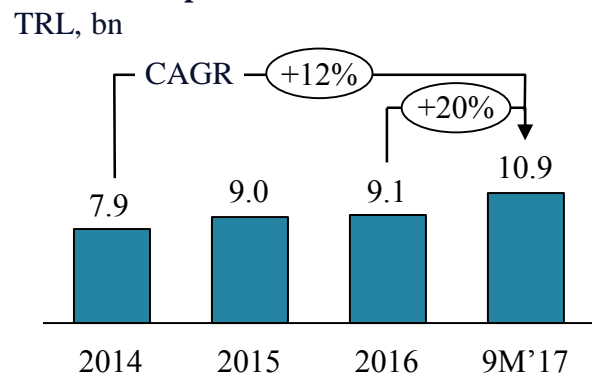
### Selective historical growth in retail loans...

#### Retail Loans



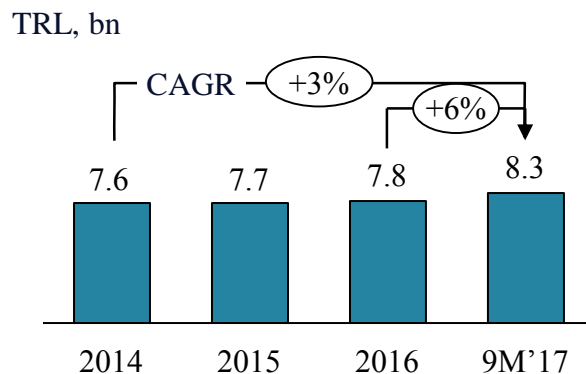
### ... mainly driven by GPLs where growth accelerated in 2017...

#### General Purpose Loans<sup>(3)</sup>



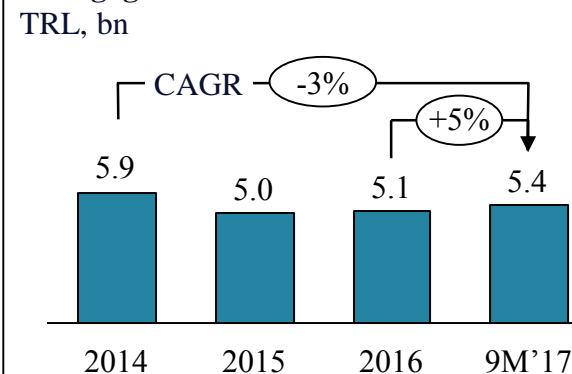
### ... with growth returning to credit cards ...

#### Credit Card Loans<sup>(4)</sup>



### ... and mortgages in 2017

#### Mortgage Loans





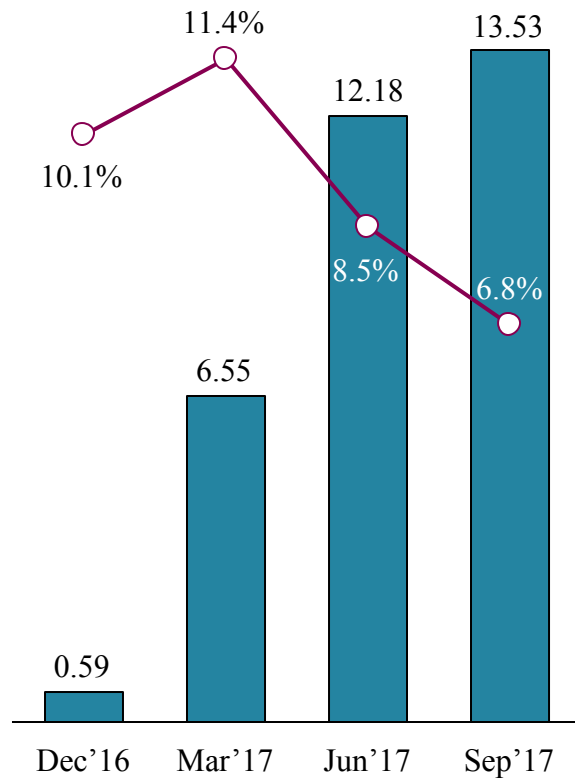
# CGF<sup>(1)</sup> proactively used as a key strategic tool for high quality SME lending growth

## Strong and proactive pick-up of CGF program ...

### Volume of CGF guaranteed loans

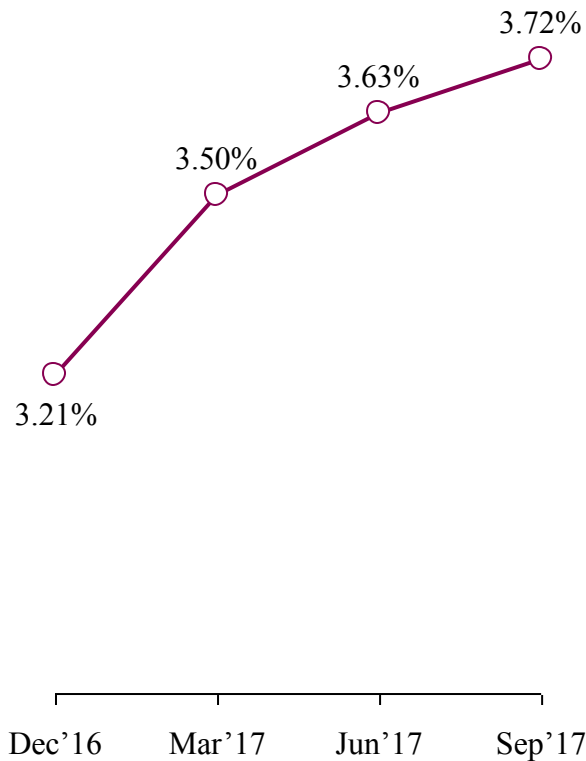
TRL billion

—○— M/S in CGF program



## ... supporting high loan growth, outpacing the market ...

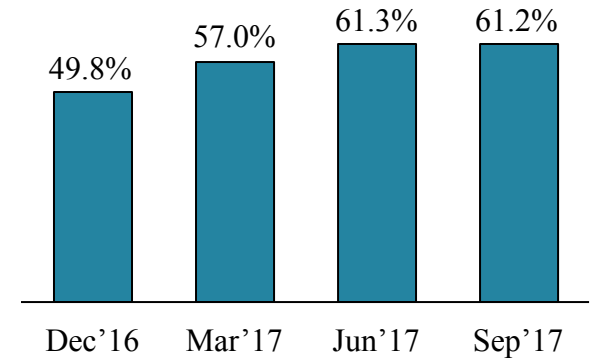
### Business loan market share



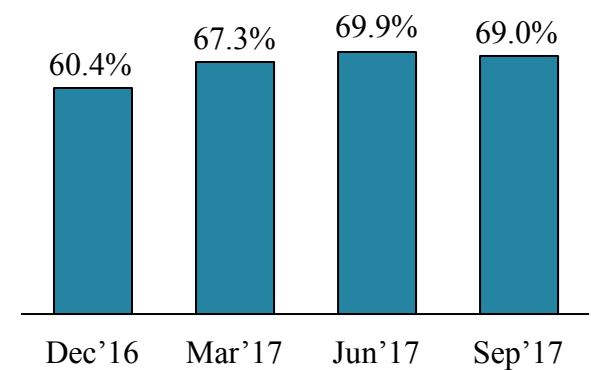
## ... and portfolio collateralization

### Collateralization ratio<sup>(2)</sup>

#### Small enterprises



#### Medium enterprises

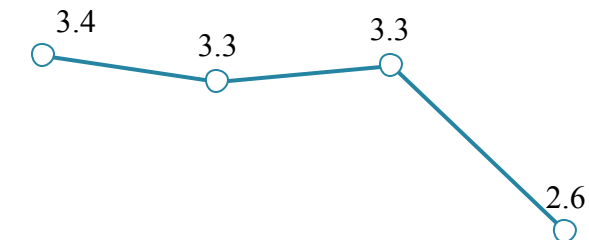


# Controlled asset quality with high coverage ratios

Improving NPL inflows thanks to stringent risk measures and improving macro...

NPL Additions / Average Loans

%

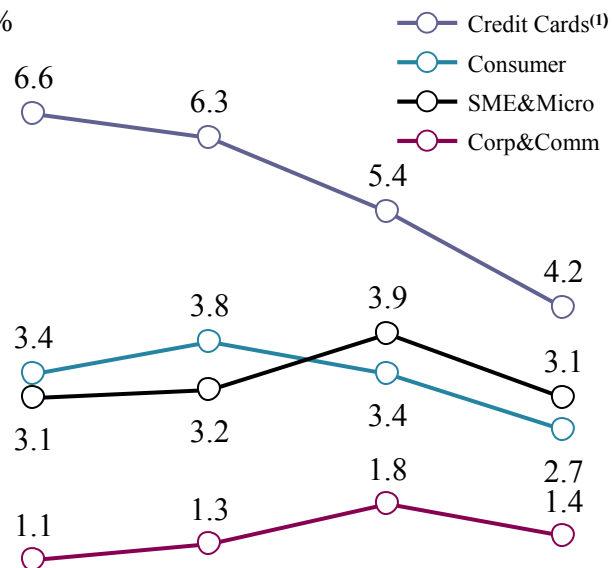


2014 2015 2016 9M'17

... resulting in improvement in all segments

NPL Additions / Average Loans by Segment

%

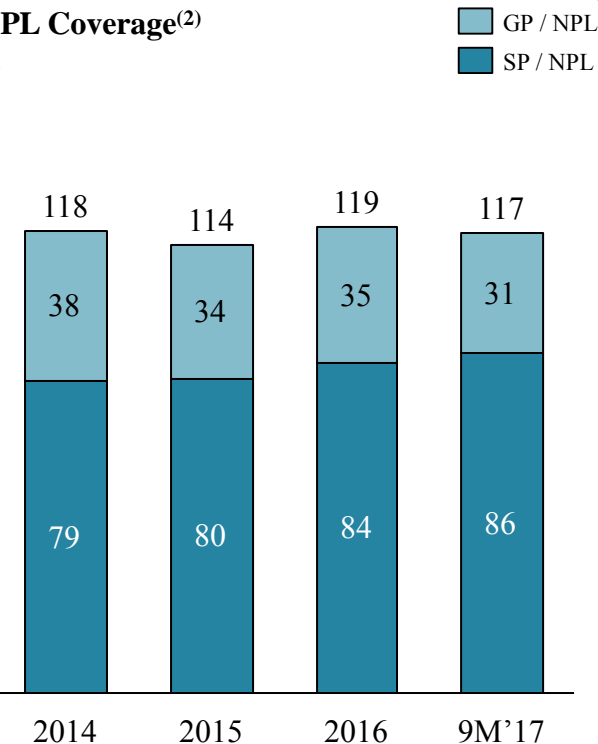


2014 2015 2016 9M'17

NPLs are well covered through general and specific provisions

NPL Coverage<sup>(2)</sup>

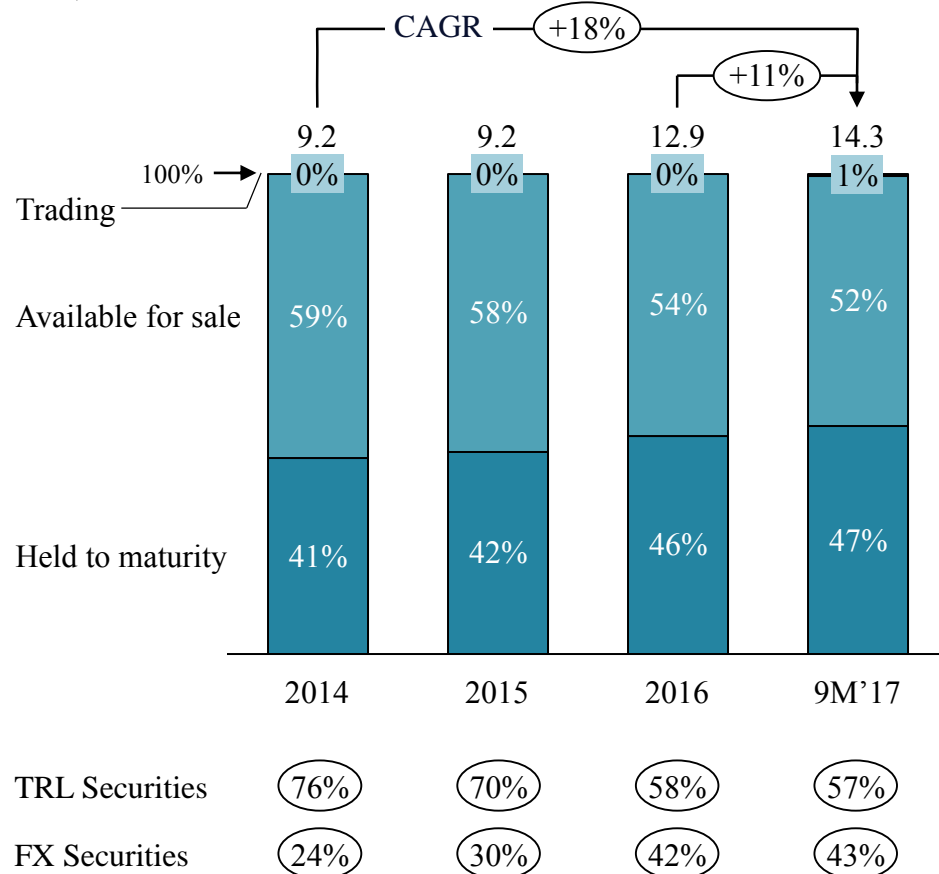
%



# Securities portfolio increased to TRL 14.3bn, making up 12% of assets

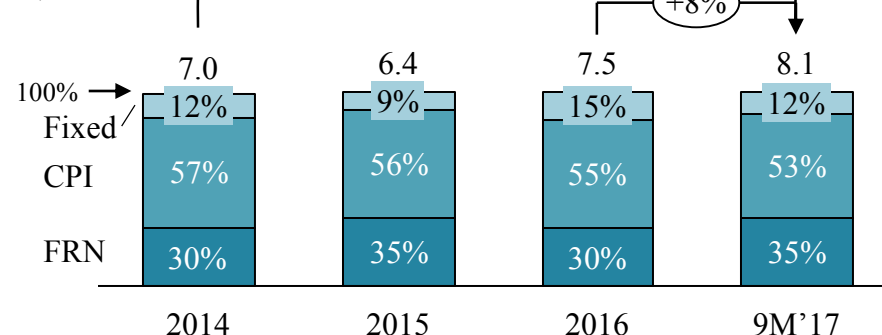
## Growth in securities portfolio largely driven by FX securities

**Total Securities**  
TRL, bn



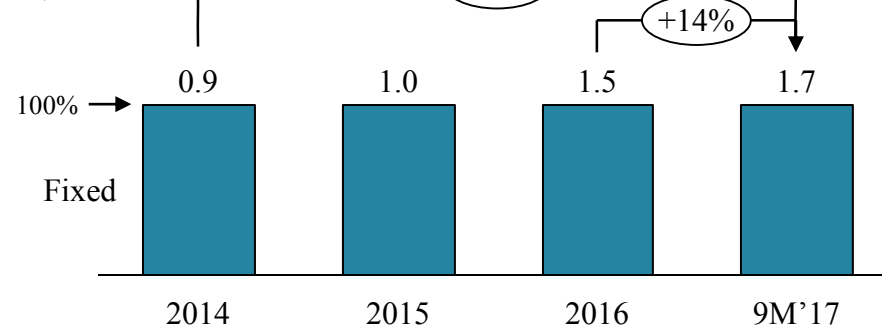
## 88% of TRL securities are indexed / variable rate

**TRL Securities**  
TRL, bn



## Sustained and strong growth in FX securities

**FX Securities**  
USD, bn

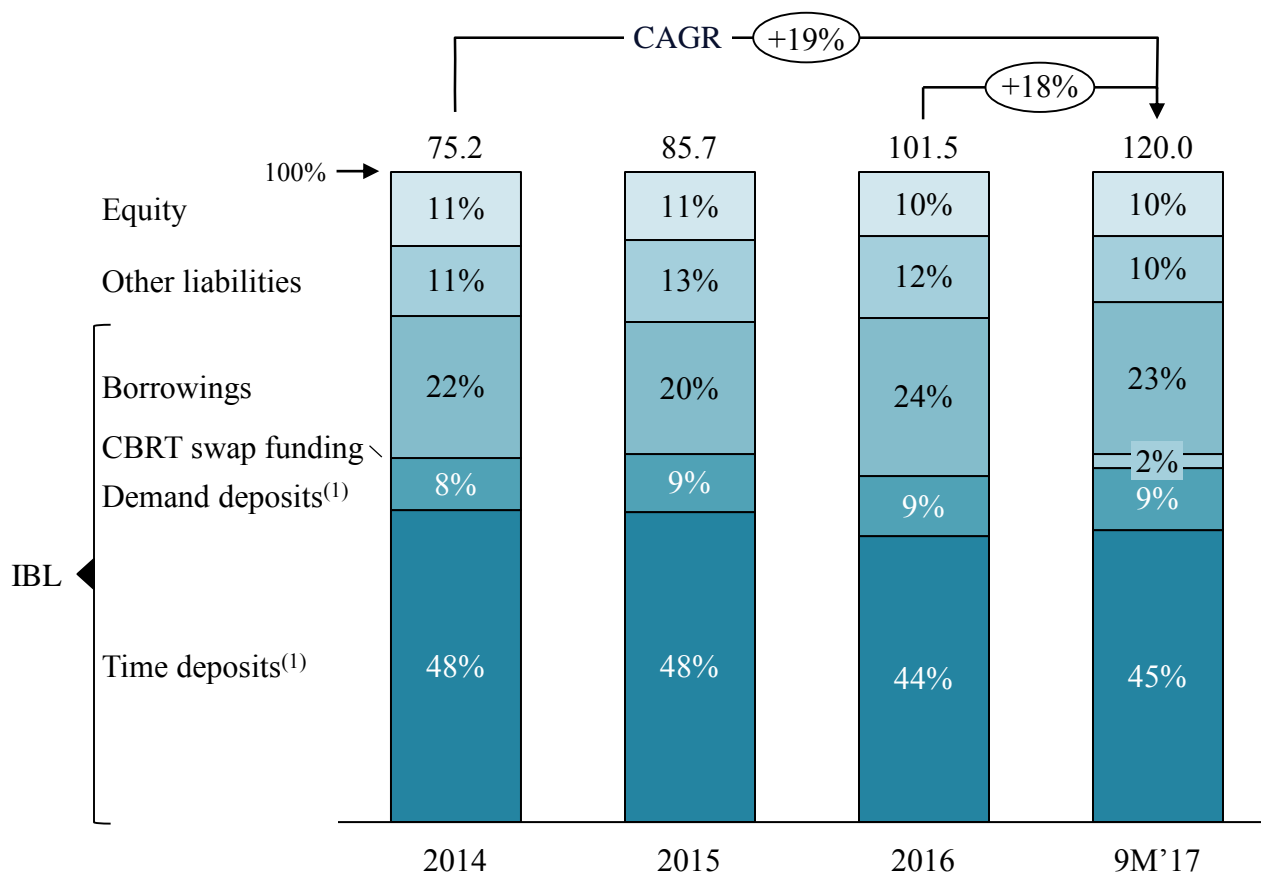


# Well-diversified funding structure underpinned by solid deposit base

Use of diversified funding sources while leveraging new shareholder structure to refrain from deposit competition

## Total Liabilities

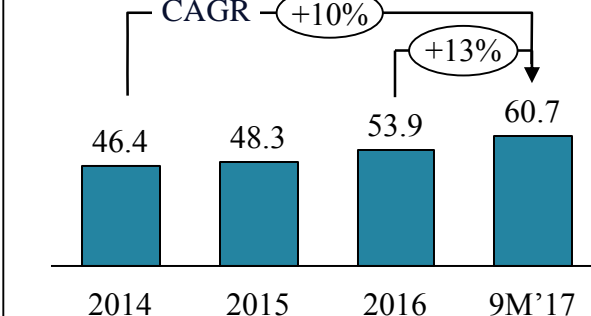
TRL, bn



## Slight increase in TRL liabilities

### TRL Liabilities

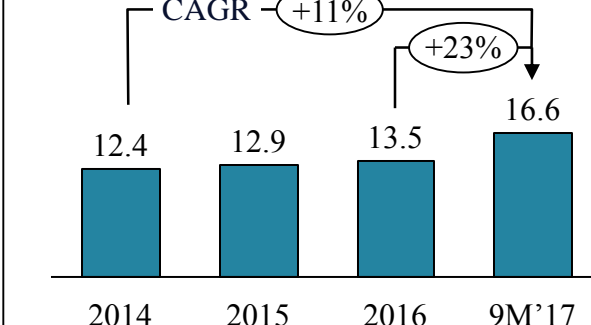
TRL, bn



## Strong growth of FX liabilities leveraging CBRT swap facility and soaring FX deposits

### FX Liabilities

USD, bn

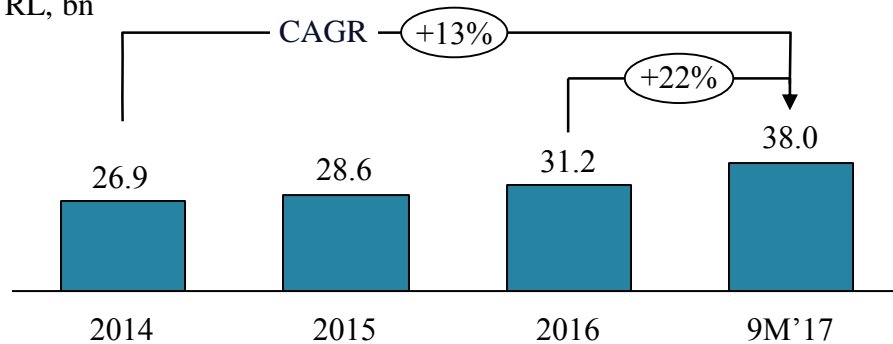


# Temporary uptick in L/D ratio in-line with sector due to high loan growth, with improving deposit mix thanks to strong demand deposit growth

Stable TRL customer deposits growth with selective exit from price sensitive clients

## TRL customer deposits

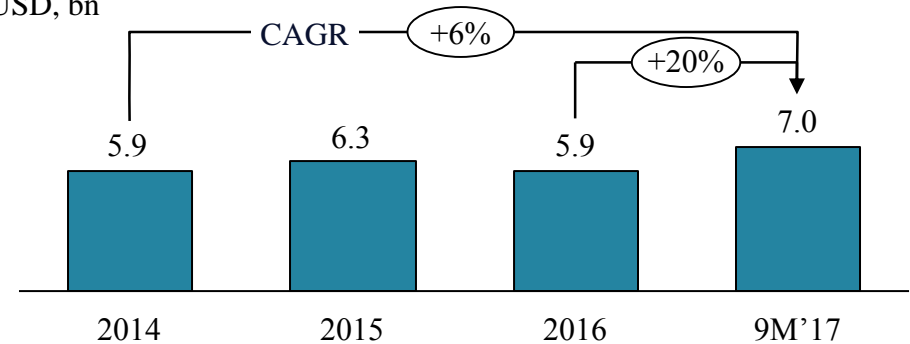
TRL, bn



YTD growth in FX customer deposits in line with the sector

## FX customer deposits

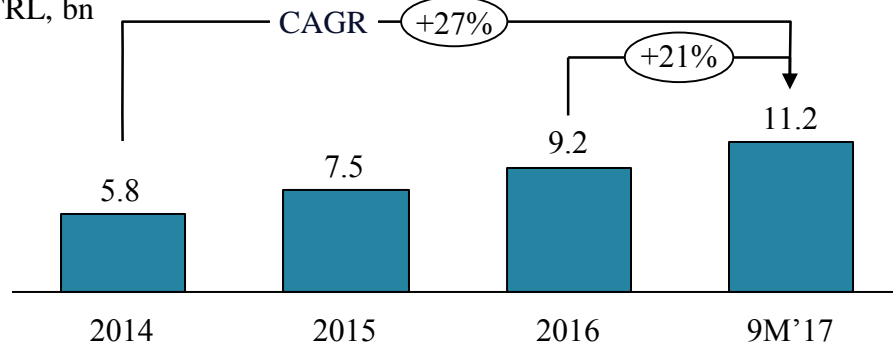
USD, bn



Impressive growth in demand deposits

## Customer demand deposits

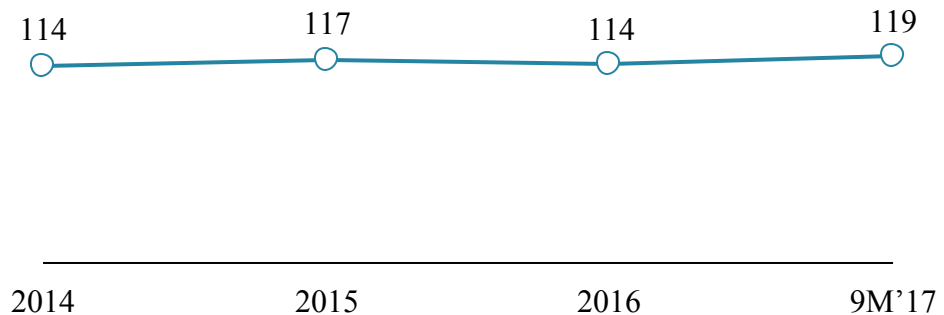
TRL, bn



Loan-to-deposit ratio in line with the sector

## Loan-to-deposit ratio<sup>(1)</sup>

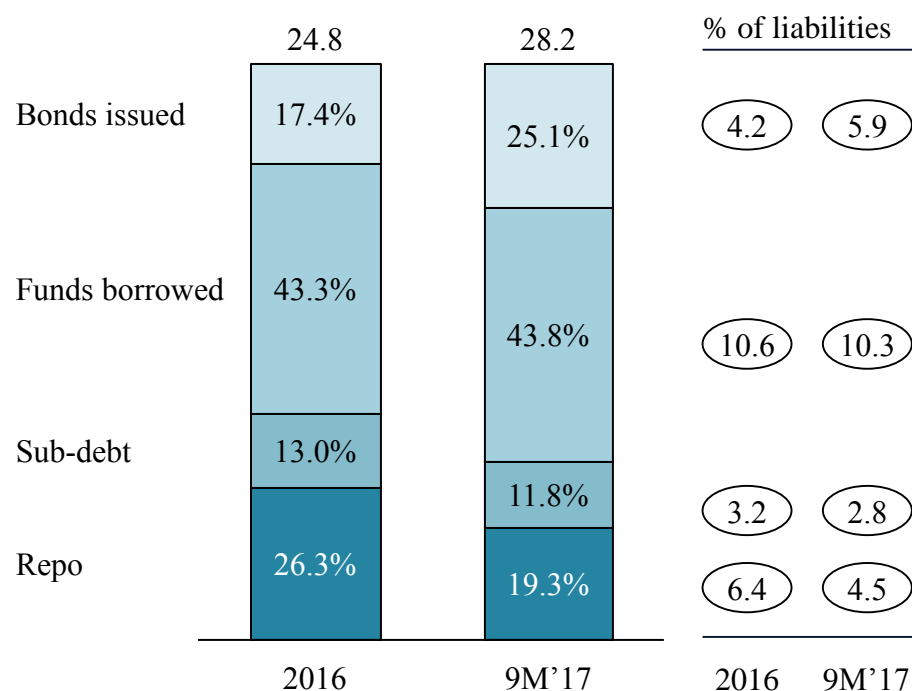
%



# Disciplined use of non-deposit funding and strong capital base

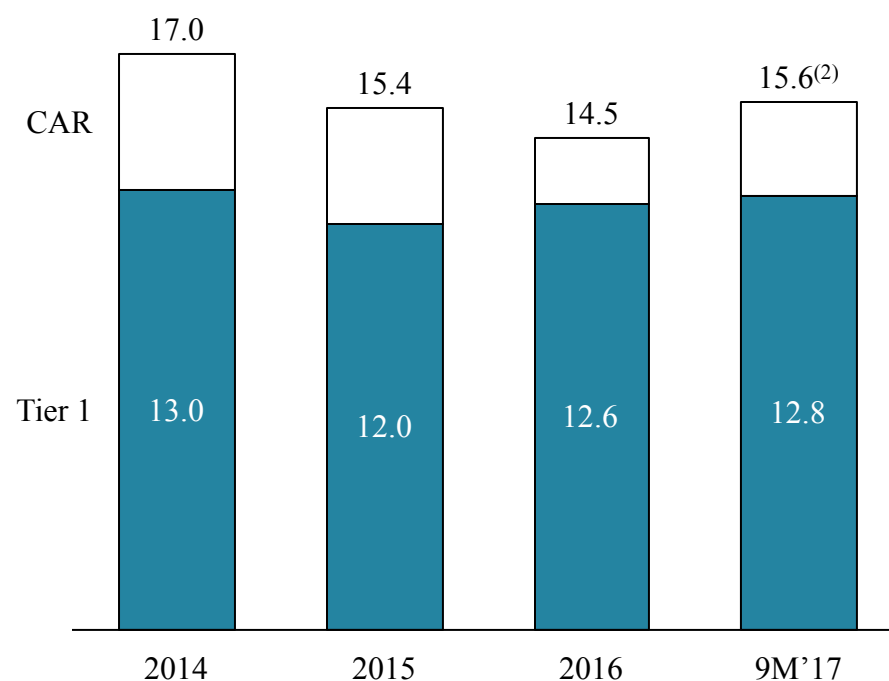
**Low reliance on institutional borrowings and repo funding; strong long-term opportunity with new shareholder structure**

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



**Capital adequacy at comfortable level with additional buffer despite exchange rate impact and sub-loan amortization**

**Capital Adequacy**  
%



# A structured approach to market and liquidity risk management

## Focused ALM leads to low interest rate sensitivity

- TRL interest rate sensitivity is actively managed in the international swap market
- Hedge swap book stands at TRL 16.7bn as of Q3'17
- Net change in Economic Value / Equity is constantly monitored under several scenarios
- Regulatory IRRBB ratio is at 12.1% 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 104% as opposed to 80% limit, whereas FX Regulatory Liquidity coverage ratio is 142% as opposed to 60% limit. Liquidity coverage ratio limits will be increased gradually by 10% each year up to 100% and 80% in 2019 for total liquidity and FX liquidity, respectively
- 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



**Solid Financial Performance**

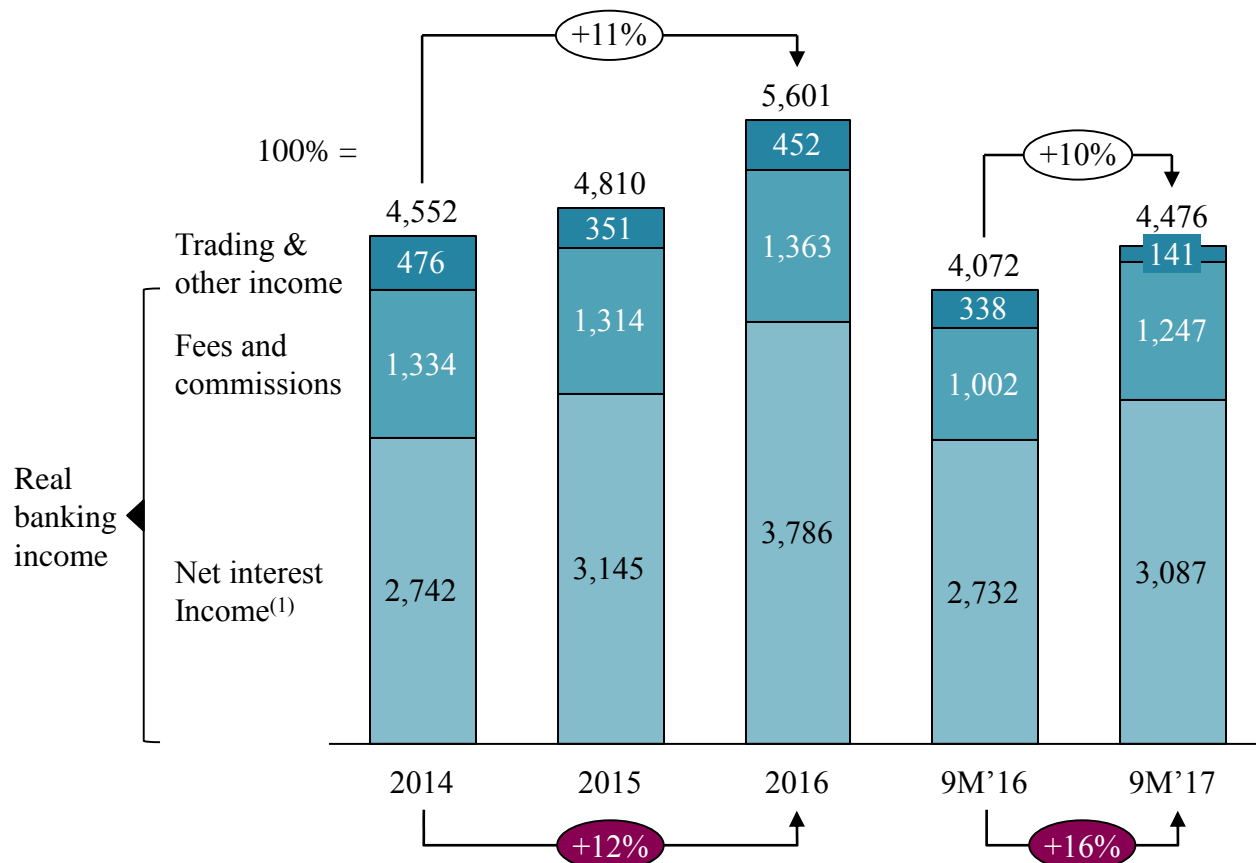


# Focus on real banking income generation

% Real banking growth

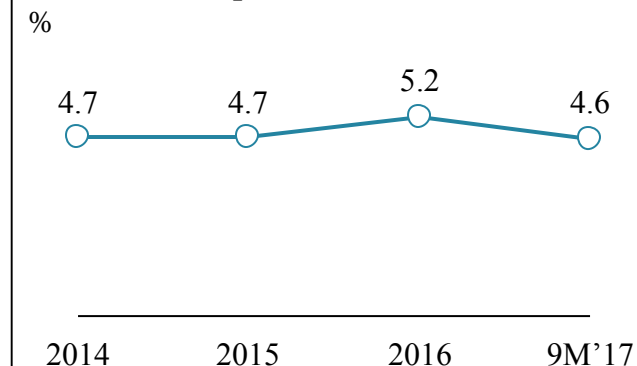
Operating income driven from core banking activities with strong YoY growth

Total Operating Income  
TRL, mn



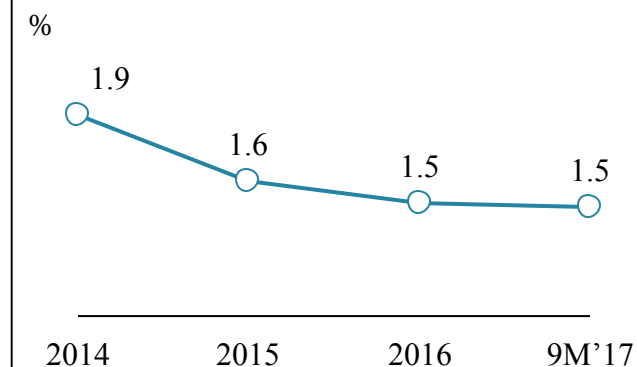
Slight decline in NIM<sup>(1)</sup> due to change in business mix, high growth and regulatory impact<sup>(2)</sup>

NIM after Swap



Stable fee generation despite regulations<sup>(3)</sup>

Fees / Assets



(1) Including swap expenses

(2) Interest rate cap in cards and O/D reduced from 2.02% per month to 1.84% per month as of January 1, 2017

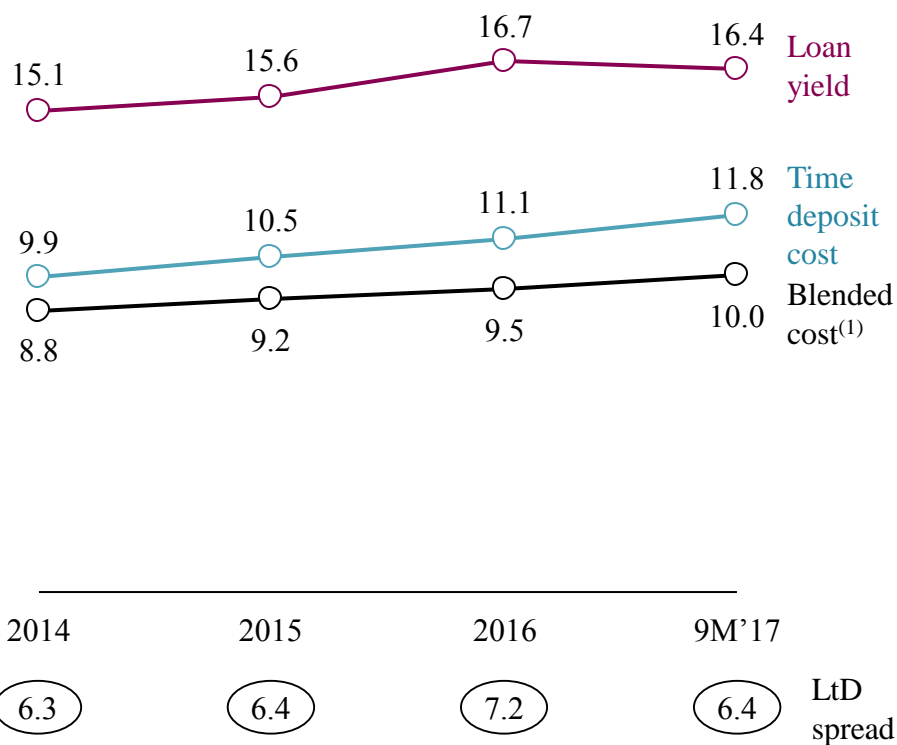
(3) Loan commissions are not allowed on CGF collateralized loans

# Exceptional spread management in both TRL and FX fronts

## Resilient TL loan yields and loan to deposit spreads despite strong growth in 9M'17

### TRL Spread

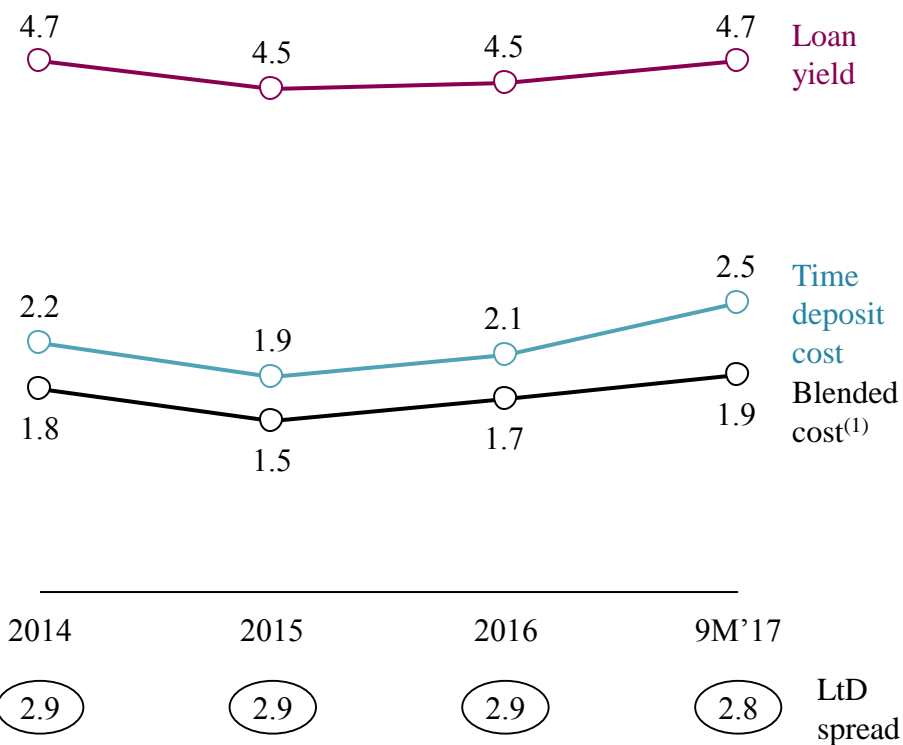
%, period average



## Consistent loan-to-deposit spreads for FX side

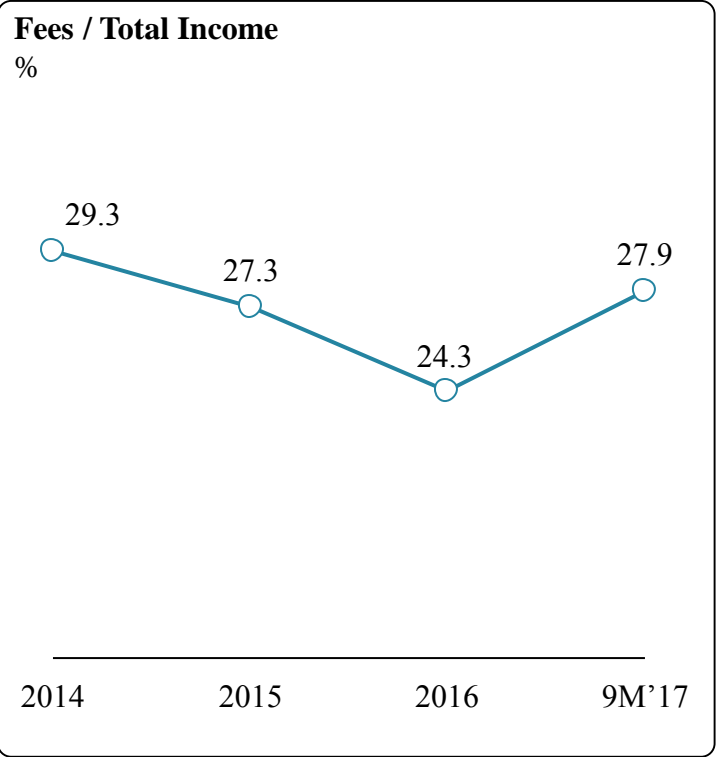
### FX Spread<sup>(2)</sup>

%, period average

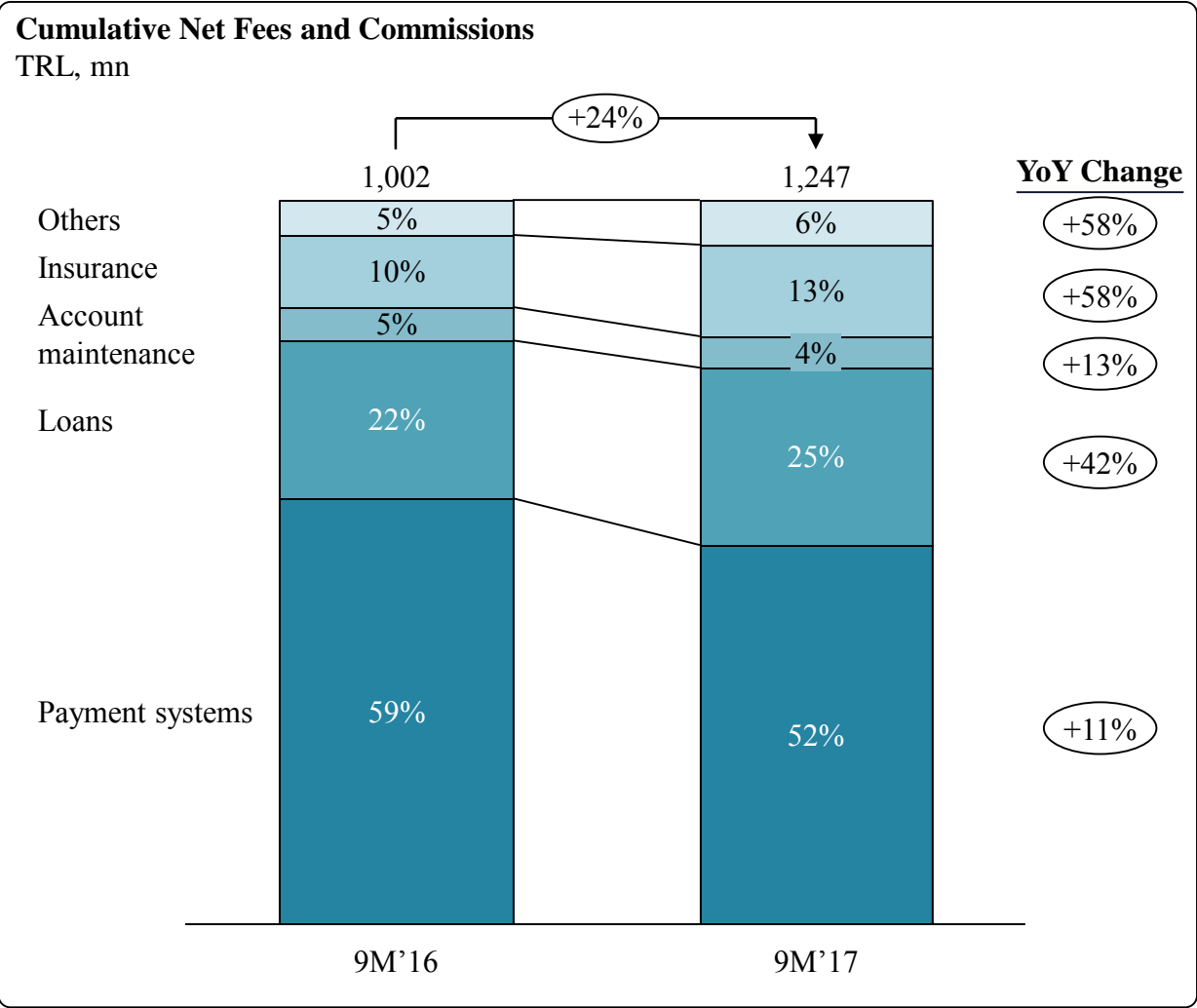


# Sustained fee generation with strong performance across diversified business segments

Recovery of fees in total income thanks to loan growth related fee generation



24% YoY growth in fee generation driven by strong loan growth and value added service revenues



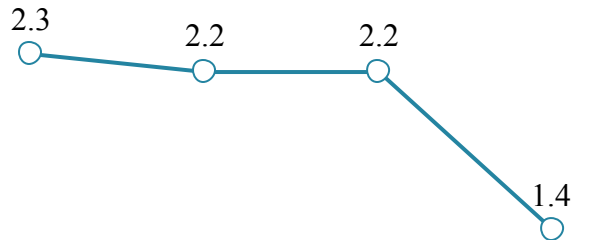
# Change in business mix combined with measures taken in credit risk management across segments translates to better asset quality

Shift towards business banking helps improve cost of risk

## CoR on a declining trend

### Cost of Risk

%



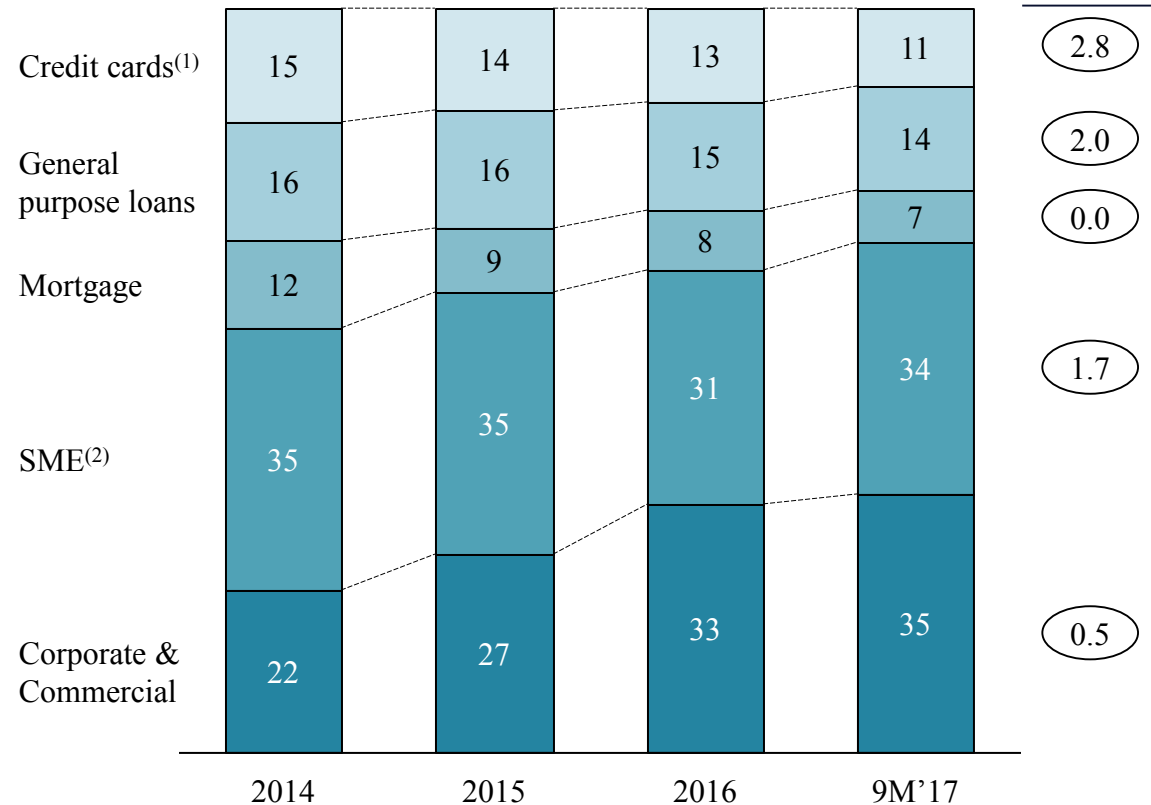
2014 2015 2016 9M'17

## Loan Composition

% of total loans

## SCoR

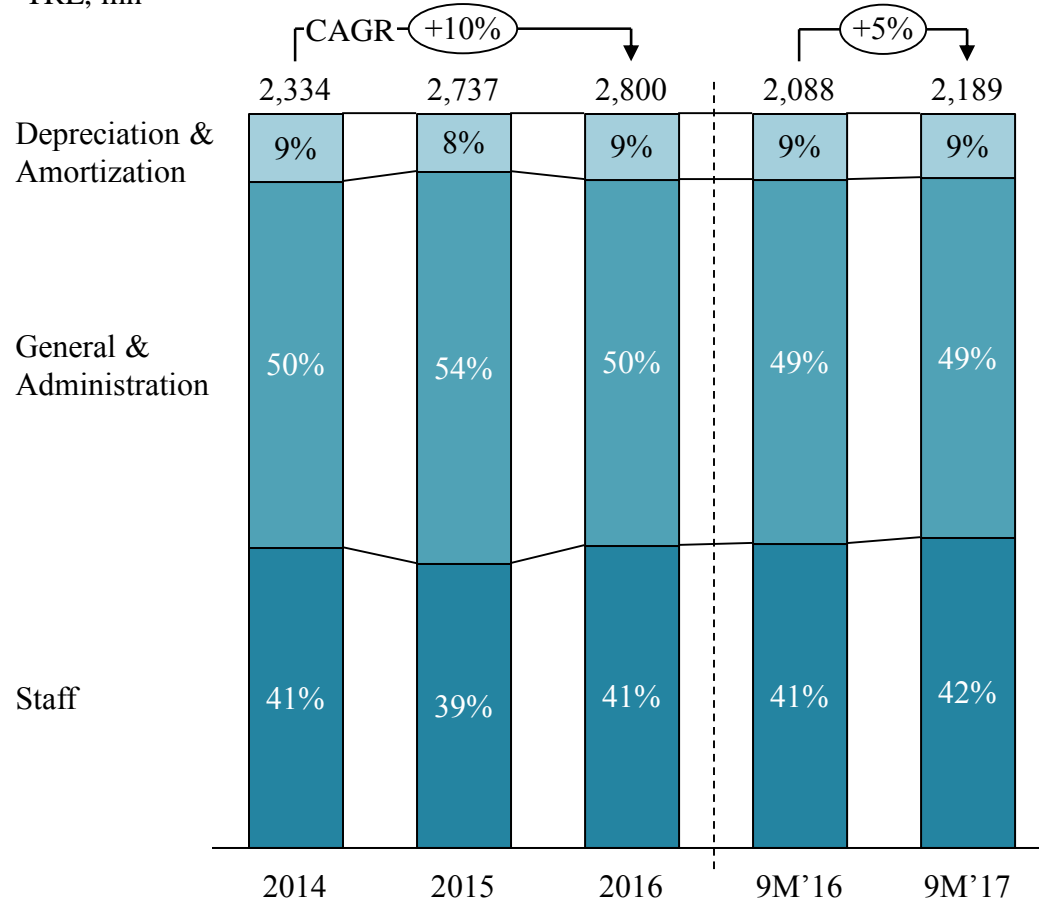
9M'17, %



# Diligent focus on efficiency even facing high business growth leading to improving efficiency metrics

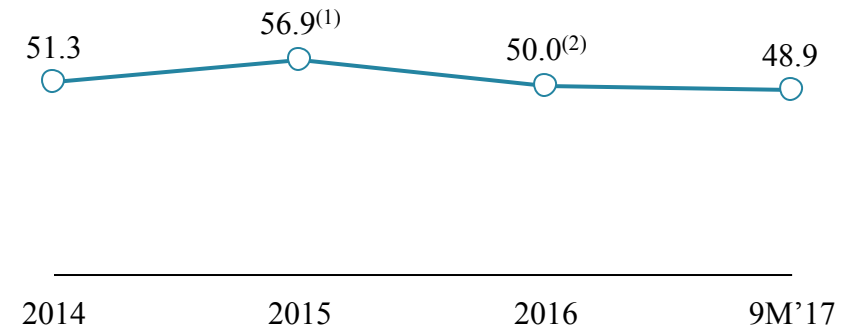
## Stable operating expenses...

**OpEx**  
TRL, mn



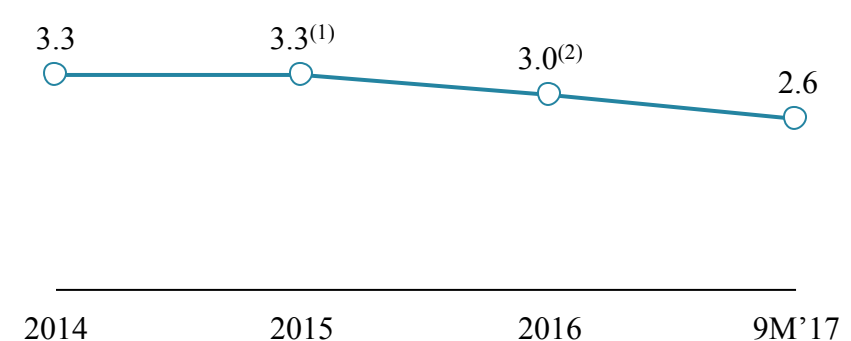
## ... leading to improvement in cost/income ratio...

**Cost / Income**  
%



## ... and efficiency improvement with high business growth

**OpEx / Assets**  
%



# Key financial ratios

	Bank only figures	2014	2015	2016	9M'16	9M'17	ΔYoY
<b>Profitability</b>	RoAE	10.9%	8.0%	12.7%	12.2%	15.0%	+2.9pps
	RoAA	1.2%	0.9%	1.3%	1.3%	1.5%	+0.2pps
	Cost / Income	51.3%	56.9%	50.0%	51.3%	48.9%	-2.4pps
	NIM after swap expenses	4.7%	4.7%	5.2%	5.1%	4.6%	-0.5pps
<b>Liquidity</b>	Loans / Deposits <sup>(1)</sup>	113.7%	116.6%	114.3%	116.6%	118.9%	+2.3pps
<b>Asset Quality</b>	NPL Ratio	5.2%	6.3%	5.8%	6.5%	5.4%	-1.1pps
	Coverage	79.2%	80.4%	84.0%	80.8%	86.3%	+5.6pps
	Cost of Risk	2.3%	2.2%	2.2%	2.1%	1.4%	-0.7pps
<b>Solvency</b>	CAR	17.0%	15.4%	14.5%	14.5%	15.6%	+1.1pps
	Tier I Ratio	13.0%	12.0%	12.6%	12.5%	12.8%	+0.3pps
	Leverage	8.8	9.5	10.0	9.7	10.3	+0.6

# Key strategies in 2017 and going forward

## Long Term Sustainable Strategy

- **Real banking**, i.e., minimum market risk
- **Prudent credit risk management**
- **High CAR, high liquidity** at all times
- Leverage **wholesale funding opportunities** presented by new shareholder structure

## Mid Term Strategic Actions

- Maintain solid, above the market **growth in Corporate & Commercial** and **SME** segments
- **Measured growth in consumer** lending with general purpose loans and renewed emphasis on credit cards with “high card spend” – a driver of acquiring volume (an SME business)
- Profitability and **downstream business focus** in Corporate & Commercial segments
- Continued emphasis on building a **stable deposit base** through new channels, offerings to untapped segments and customer groups (enpara.com)
- Focus on **fee generation** and **operating expenses control** as well as continuing **improvement on cost of risk** front thanks to the shift in loan book mix towards less risky segments

# Appendix

A decorative graphic in the top right corner of the page, resembling a folded book corner. It consists of two overlapping triangular shapes: a larger, light gray one and a smaller, darker gray one on top of it, both pointing towards the top right corner.



# Finansbank BRSA Bank-Only Summary Financials

## Income Statement

TRL, mn	2014	2015	2016	9M'16	9M'17
Net Interest Income (After Swap Expenses)	2,742	3,145	3,786	2,732	3,087
Net Fees & Commissions Income	1,334	1,314	1,363	1,002	1,247
Trading & Other Income	476	351	452	338	141
<b>Total Income</b>	<b>4,551</b>	<b>4,810</b>	<b>5,600</b>	<b>4,072</b>	<b>4,476</b>
Operating Expenses	(2,334)	(2,737)	(2,800)	(2,088)	(2,189)
<b>Total Operating Income</b>	<b>2,218</b>	<b>2,073</b>	<b>2,800</b>	<b>1,984</b>	<b>2,287</b>
Provisions	(1,076)	(1,170)	(1,316)	(921)	(729)
<b>Profit before tax</b>	<b>1,142</b>	<b>903</b>	<b>1,484</b>	<b>1,063</b>	<b>1,558</b>
Tax expenses	(265)	(197)	(280)	(212)	(325)
<b>Profit after tax</b>	<b>877</b>	<b>706</b>	<b>1,203</b>	<b>851</b>	<b>1,233</b>

## Balance Sheet

TRL, mn	2014	2015	2016	9M'16	9M'17
Cash & Banks <sup>(1)</sup>	9,108	10,313	14,925	13,139	16,755
Securities	9,165	9,197	12,950	11,357	14,339
Net Loans	50,344	57,273	62,923	61,424	79,004
Fixed Asset and Investments <sup>(2)</sup>	2,431	2,283	2,912	2,517	3,019
Other Assets	4,158	6,662	7,792	5,551	6,870
<b>Total Assets</b>	<b>75,206</b>	<b>85,727</b>	<b>101,503</b>	<b>93,988</b>	<b>119,987</b>
Deposits	42,075	48,566	53,939	51,471	65,212
Customer Deposits	40,652	47,009	51,966	49,062	63,090
Bank Deposits	1,423	1,557	1,973	2,409	2,122
Borrowings	16,541	17,278	24,821	22,193	28,168
Bonds Issued	5,373	4,336	4,312	3,906	7,071
Funds Borrowed	4,898	5,640	10,758	8,755	12,344
Sub-debt	2,122	2,662	3,236	2,780	3,323
Repo	4,147	4,639	6,515	6,752	5,429
CBRT swap funding	0	0	0	0	2,710
Other	8,017	10,860	12,617	10,620	12,230
Equity	8,574	9,024	10,126	9,704	11,667
<b>Total Liabilities &amp; Equity</b>	<b>75,206</b>	<b>85,727</b>	<b>101,503</b>	<b>93,988</b>	<b>119,987</b>

# Finansbank BRSA Consolidated Summary Financials

## Income Statement

TRL, mn	2014	2015	2016	9M'16	9M'17
Net Interest Income (After Swap Expenses)	2,865	3,272	3,962	2,730	3,212
Net Fees & Commissions Income	1,397	1,387	1,445	1,062	1,315
Trading & Other Income	474	307	455	465	220
<b>Total Income</b>	<b>4,736</b>	<b>4,966</b>	<b>5,862</b>	<b>4,258</b>	<b>4,748</b>
Operating Expenses	(2,444)	(2,874)	(2,938)	(2,183)	(2,300)
<b>Total Operating Income</b>	<b>2,292</b>	<b>2,092</b>	<b>2,923</b>	<b>2,075</b>	<b>2,447</b>
Provisions	(1,100)	(1,207)	(1,390)	(971)	(738)
<b>Profit before tax</b>	<b>1,192</b>	<b>884</b>	<b>1,533</b>	<b>1,104</b>	<b>1,709</b>
Tax expenses	(276)	(204)	(295)	(222)	(345)
<b>Profit after tax</b>	<b>916</b>	<b>680</b>	<b>1,238</b>	<b>881</b>	<b>1,364</b>

## Balance Sheet

TRL, mn	2014	2015	2016	9M'16	9M'17
Cash & Banks <sup>(1)</sup>	9,209	10,403	15,084	13,240	16,947
Securities	9,209	9,254	12,983	11,399	14,404
Net Loans	50,181	57,110	62,637	61,062	78,878
Fixed Assets <sup>(2)</sup>	1,897	1,979	2,243	1,999	2,264
Other Assets <sup>(3)</sup>	6,339	9,304	11,379	8,710	11,967
<b>Total Assets</b>	<b>76,835</b>	<b>88,049</b>	<b>104,326</b>	<b>96,410</b>	<b>124,459</b>
Deposits	41,896	48,311	53,865	51,302	65,138
Customer Deposits	40,473	46,755	51,892	48,894	63,016
Bank Deposits	1,423	1,557	1,973	2,409	2,122
Borrowings	18,016	19,364	27,351	24,422	32,162
Bonds Issued	5,825	5,827	6,332	5,718	9,180
Funds Borrowed	5,853	6,066	11,164	9,024	13,758
Sub-debt	2,122	2,662	3,236	2,780	3,323
Repo	4,216	4,809	6,620	6,900	5,901
CBRT swap funding	0	0	0	0	2,710
Other	8,126	10,968	12,806	10,775	12,550
Equity	8,798	9,405	10,304	9,910	11,899
<b>Total Liability</b>	<b>76,835</b>	<b>88,049</b>	<b>104,326</b>	<b>96,410</b>	<b>124,459</b>

## International Borrowings and Issuances

Type of Borrowing	Maturity	Currency	Outstanding Principal (mn)	Tenor (Years)
Eurobond	Nov-17	USD	350.00	5
Eurobond	Apr-19	USD	500.00	5
Eurobond	May-22	USD	750.00	5
Multilateral Loan	Oct-17	EUR	2.60	7
Multilateral Loan	Nov-19	USD	5.83	7
Multilateral Loan	Dec-19	EUR	17.85	5
Multilateral Loan	May-20	EUR	42.85	5
Multilateral Loan	Nov-20	USD	9.40	7
Multilateral Loan	Mar-21	USD	34.12	7
Multilateral Loan	Apr-21	USD	20.14	7
Multilateral Loan	Dec-21	EUR	30.00	6
Multilateral Loan	Dec-22	EUR	15.00	7
Multilateral Loan	Feb-23	USD	21.13	6
Multilateral Loan	Mar-24	USD	20.00	7
Multilateral Loan	Jul-25	EUR	18.82	10
Project Finance Receivables Secured Loan	Apr-20	USD	200.00	3
Securitization	Nov-17	EUR	1.25	5
Securitization	Nov-17	USD	7.50	5
Securitization	Aug-20	USD	280.00	5
Securitization	Nov-24	EUR	40.27	12
Subordinated Loan	Oct-20	USD	325.00	11
Subordinated Loan	Oct-21	USD	200.00	12
Subordinated Loan	Dec-21	USD	125.00	12
Subordinated Loan	May-27	USD	260.00	10
Syndication EUR Tranche	Nov-17	EUR	397.60	1
Syndication USD Tranche	Nov-17	USD	103.50	1

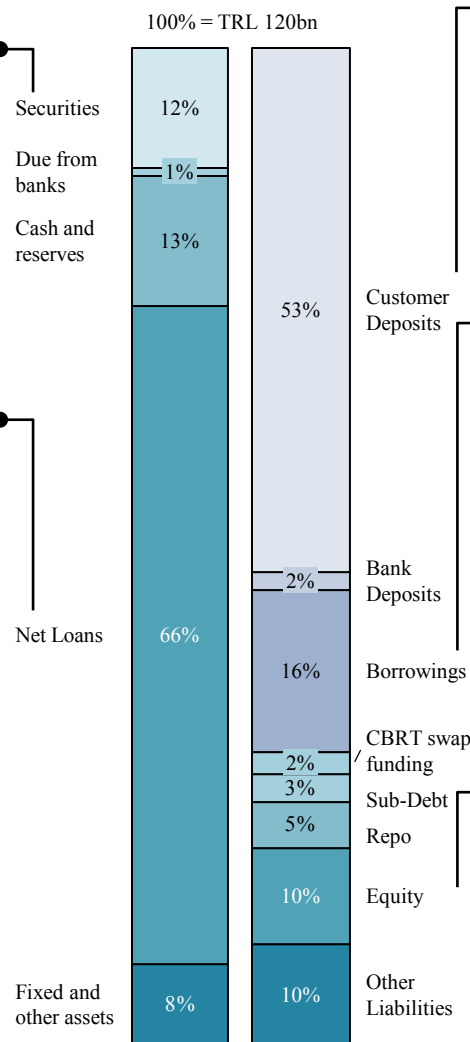
# Board of Directors

Name	Position	Background
Dr. Ömer A. Aras	Chairman and QNB Finansbank Group CEO	<ul style="list-style-type: none"> <li>• Founding member of Finansbank</li> <li>• Former CEO of Finansbank for 6 years</li> </ul>
Sinan Şahinbaş	Vice Chairman	<ul style="list-style-type: none"> <li>• Former CEO of Finansbank for 7 years</li> <li>• Previously worked in Treasury, Corp. Banking and Risk Mgmt. departments of Finansbank</li> </ul>
Abdulla Mubarak Al-Khalifa	Member of the BoD	<ul style="list-style-type: none"> <li>• QNB Group Chief Business Officer</li> <li>• Holds board membership in various QNB subsidiaries in Qatar, Egypt and Jordan</li> </ul>
Ali Rashid Al-Mohannadi	Member of the BoD	<ul style="list-style-type: none"> <li>• QNB Group Chief Operating Officer</li> <li>• Holds board membership in various QNB subsidiaries in Egypt and UAE</li> </ul>
Ramzi Talat A Mari	Member of the BoD	<ul style="list-style-type: none"> <li>• QNB Group Chief Financial Officer</li> <li>• Holds board membership in various QNB subsidiaries in Qatar, Egypt and Jordan</li> </ul>
Noor Mohd J. A. Al-Naimi	Member of the BoD	<ul style="list-style-type: none"> <li>• QNB Group General Manager Group Treasury</li> <li>• Assistant General Manager</li> <li>• Executive Manager</li> </ul>
Fatma A Al-Suwaidi	Member of the BoD	<ul style="list-style-type: none"> <li>• QNB – AGM of Group Credits</li> <li>• Holds board membership in various QNB subsidiaries in Tunisia and UAE</li> </ul>
Ali Teoman Kerman	Member of the BoD and Chairman of Audit Committee	<ul style="list-style-type: none"> <li>• Former Vice Undersecretary of Treasury</li> <li>• Former Vice President of BRSA</li> <li>• Former board member of SDIF</li> </ul>
Dr. Osman Reha Yolalan	Member of the BoD	<ul style="list-style-type: none"> <li>• Current Vice President of Corporate Affairs in Tekfen Holding</li> <li>• Former CEO of Yapı Kredi</li> <li>• Part-time professor in various universities</li> </ul>
Durmuş Ali Kuzu	Member of the BoD	<ul style="list-style-type: none"> <li>• Former Vice President of BRSA</li> <li>• Experience in Vakıfbank, Emlakbank, Treasury, Public Oversight Institution</li> </ul>
Temel Güzeloğlu	Member of the BoD and QNB Finansbank CEO	<ul style="list-style-type: none"> <li>• Former EVP of Retail Banking and Strategy</li> <li>• Experience in Unilever, Citibank, McKinsey &amp; Co.</li> </ul>

# Loan heavy balance sheet, 9M'17

Securities by Type		Maturity	AFS	TRL	Yield <sup>(2)</sup>
% of total		Years <sup>(1)</sup>	%	%	%
		6.18	52	57	10.3
CPI-Linker	30%	5.18	28	100	11.5
FRN	20%	3.34	100	100	11.9
Fixed	50%	7.92	47	13	9.0

Performing Loans <sup>(3)</sup>		Avg. Ticket	Maturity	Collateral	TRL	Yield <sup>(2)</sup>
% of total		TRL, k	Years <sup>(1)</sup>	% <sup>(4)</sup>	%	%
		585	3.3	40	73	14.8
Corp. & Comm.	36%	1,566	4.6	33	32	14.3
SME <sup>(5)</sup>	30%	50	3.0	65	93	15.9
Mortgage	7%	51	6.0	100	100	11.0
Consumer <sup>(6)</sup>	14%	8	2.3	5	100	18.4
Credit card <sup>(7)</sup>	13%	2	0.2	N/A	100	11.7



Customer Deposits by Segments		Avg. Ticket	Maturity	TRL	Cost <sup>(2)</sup>
% of total		TRL, k	Days	%	%
		468.2	61	60	12.9
Retail	66%	108.8	59	58	12.5
Corporate	34%	1,157.2	64	64	13.5

Wholesale Funding		Maturity	TRL	Cost
% of total		Years <sup>(1)</sup>	%	%
		1.5	7	4.4
Syndication	11%	0.2	0	0.9
Eurobond	30%	2.7	0	5.9
TRL Bond	6%	0.2	100	13.8
Post finance	47%	1.0	1	2.9
Securitization	6%	3.4	0	3.9

Capital Base % of total	Maturity Years <sup>(1)</sup>	TRL %	Cost %	
Sub-debt	22%	5.3	0	5.6
Equity	78%	N/A	100	-

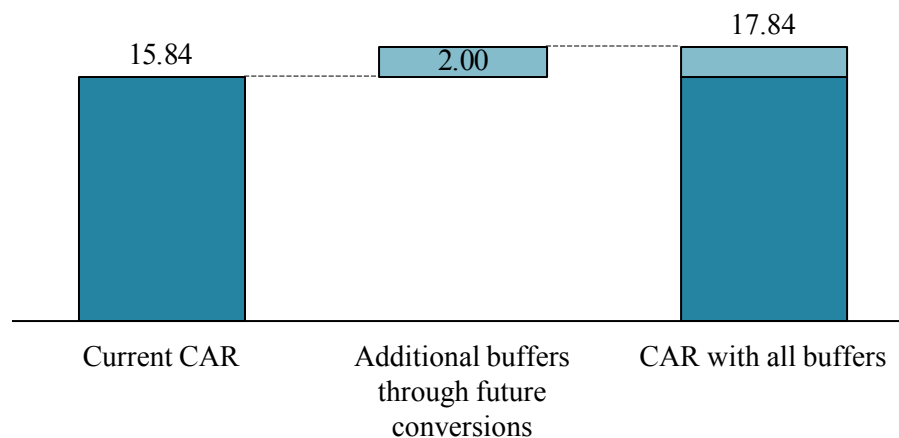
- (1) Remaining maturity
- (2) TRL yields and funding costs only
- (3) Excluding accruals. Based on QNB Finansbank business lines definition
- (4) Hard collateralization including cash, mortgages and CGF
- (5) Including Micro
- (6) Including GPL, Auto loans and Retail Overdraft
- (7) Including business CC. Calculation of Yield includes not revolving CC balance

# Current sub-loan portfolio creates significant capital buffers to support future growth

Outstanding sub-loans	Maturity	Amount	Compliance	Capital consideration	
• Tranche 1	Oct'20	USD 325.00	Basel II	USD 79.4mn	➤ <ul style="list-style-type: none"><li>• Conversion to Basel III compliant sub-loan can be carried over either through parent or market issuances</li><li>• Actual timing will depend on capital requirements</li></ul>
• Tranche 2	Oct'21	USD 200.00	Basel II	USD 48.9mn	
• Tranche 3	Dec'21	USD 125.00	Basel II	USD 30.5mn	

**Impact of CAR buffers on reported CAR**

%



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