



# Investor Presentation with Q1'2023 Financials

# Executive summary

## Turkey's long-term growth outlook remains strong

- Turkey's GDP grew by 5.6% in 2022 with support of the accommodative financial conditions. The devastating earthquake in February is likely to cause a slowdown in Q1'2023. Also, anticipating tighter financial conditions in the second half of the year, GDP growth is projected at 3% in 2023.
- Consumer inflation decreased to 50.5% as of March 2023 thanks to base effects. Base effects will remain supportive for disinflation through the first half of 2023. The CBRT cut the policy rate further by 50 bps to 8.50% in February and pledged to keep it unchanged for the first half of 2023.
- Aside from temporary fluctuations, the Turkish economy maintains its favorable position among emerging markets due to its long-term growth potential stemming from its large size along with its highly attractive demographic profile.

## One of the Top Performing Banks in the Market

- QNB Finansbank is one of the strongest players in this 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.
- 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 having one of the highest ratings among all banks with a presence in Turkey.
- QNB is the largest bank in the Middle East and Africa by all critical measures.
- 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
- 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

# Contents

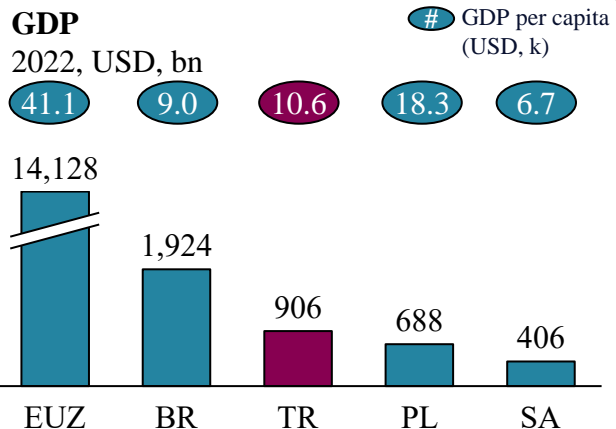
- |   |   |
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| 2 | QNB Finansbank and QNB Group at a Glance                  |
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# Macro-economic Overview

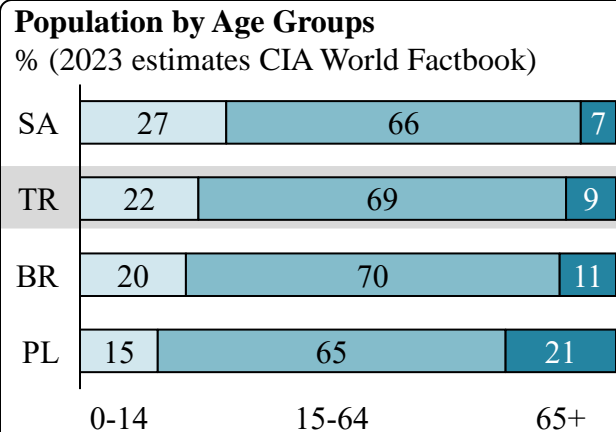
# Long-term growth potential retains intact

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

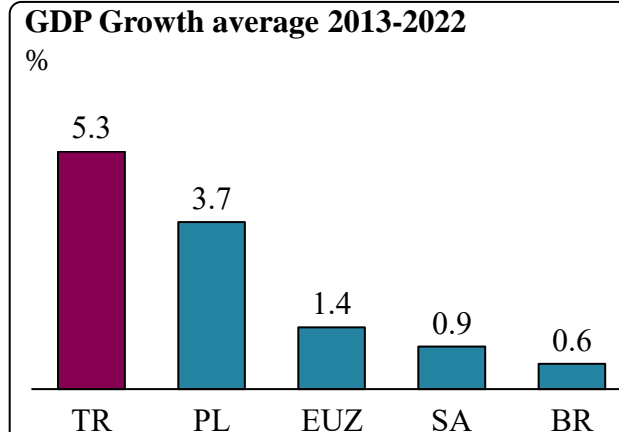
## Large economy with low GDP / capita...



## ...and highly attractive demographic profile

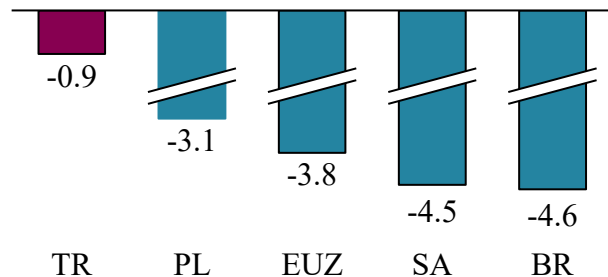


## ... generating high real GDP growth

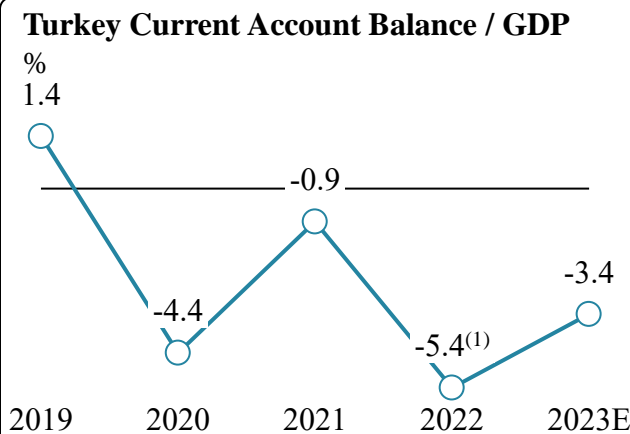


## Moderate fiscal deficit and

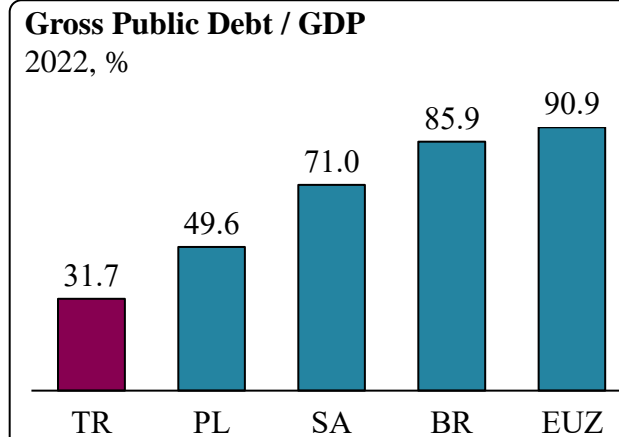
### Fiscal Balance / GDP 2022, %



## ..temporarily rising current account deficit..



## ... with relatively low public debt

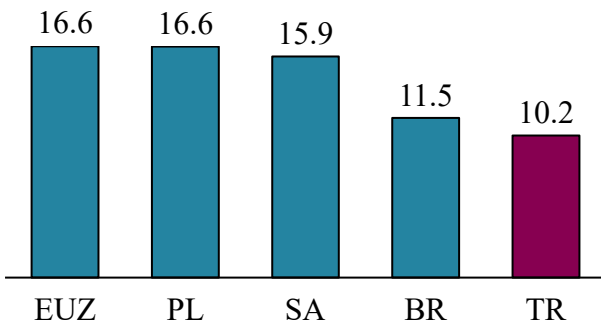


# Sound banking system with inherent growth potential

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

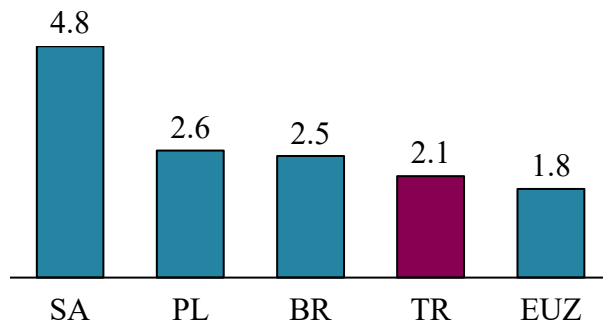
## Relatively low leverage ratio...

**Leverage ratio<sup>(1)</sup>**  
Q4'22



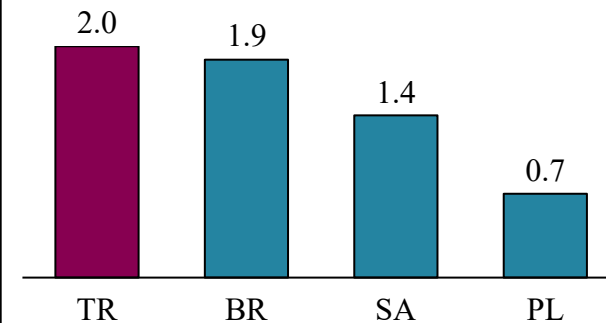
## ...and contained NPL levels...

**NPL ratio<sup>(2)</sup>**  
Q4'22, %



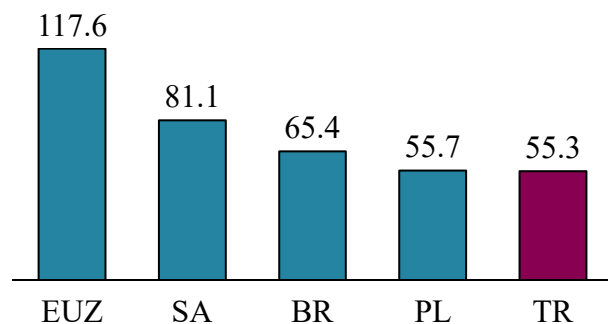
## ... with strong profitability characteristics

**Banking Sector RoA<sup>(3)</sup>**  
2013-2022 average, %



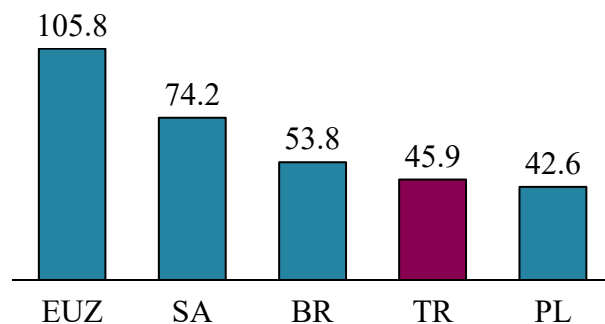
## Further growth potential in deposits...

**Deposits / GDP**  
Q4'22, %



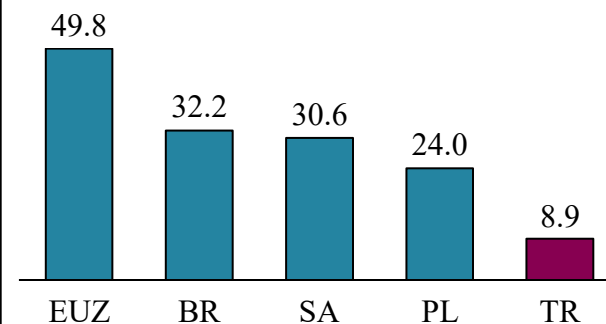
## ... with potential to boost lending activity across the board,

**Loans / GDP**  
Q4'22, %



## ... but particularly in Retail, given its untapped potential.

**Household debt / GDP**  
Q4'22, %



<sup>(1)</sup> Latest data Q3'22 for PL, SA and BR

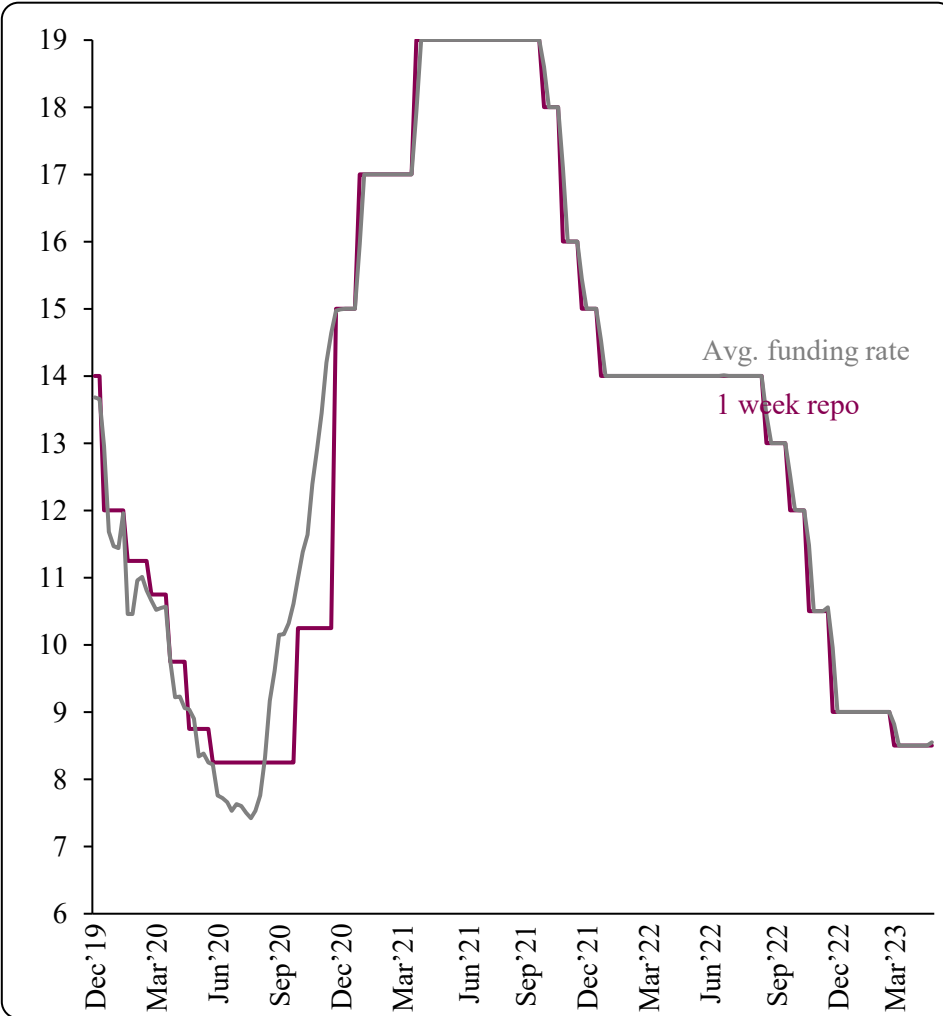
<sup>(2)</sup> Latest data Q3'22 for SA, PL and BR; EUZ figure represents significant institutions as designated by ECB

<sup>(3)</sup> Latest data Q3'22 for BR, SA and PL

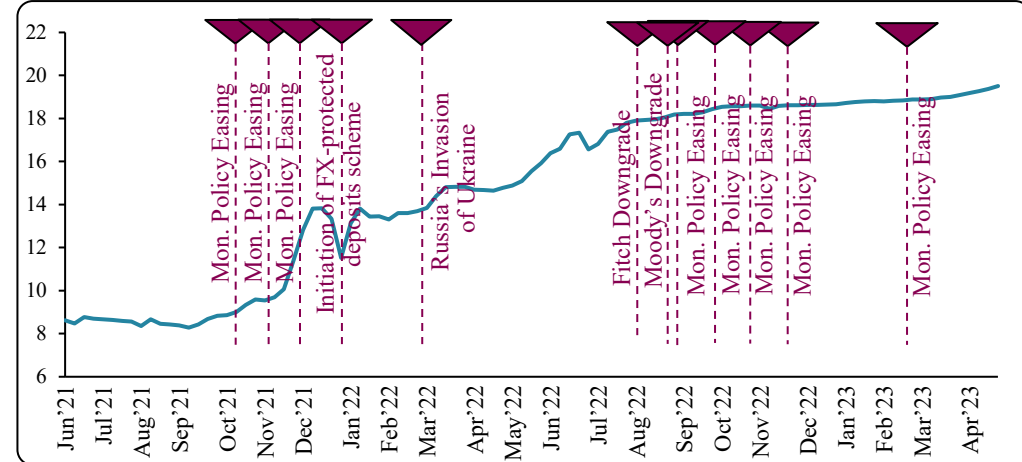
Source: Refinitiv- Data Stream, IMF, ECB, BRSA, Turkstat

# CBRT maintained accommodative monetary policy

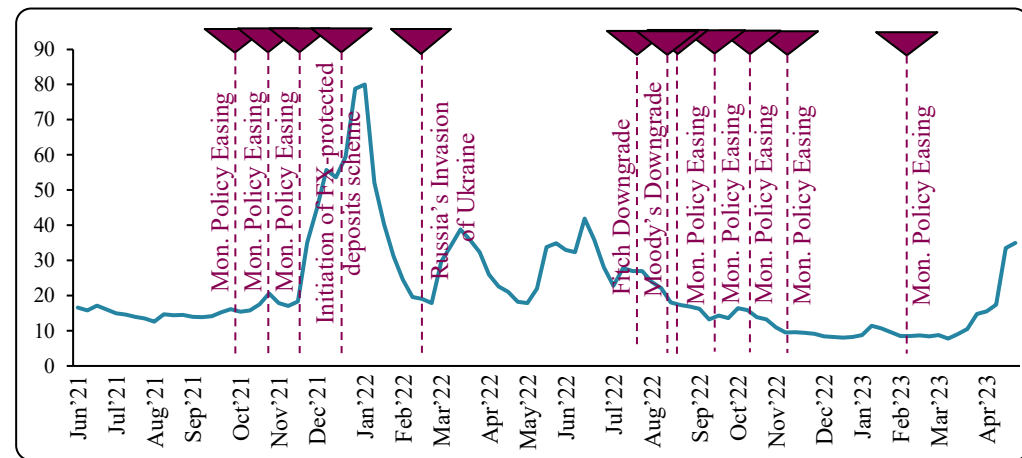
CBRT cut the policy rate by 50 bps in February 2023



TL has recently ascended after remaining stable for a long time



Options implied volatility has also turned north

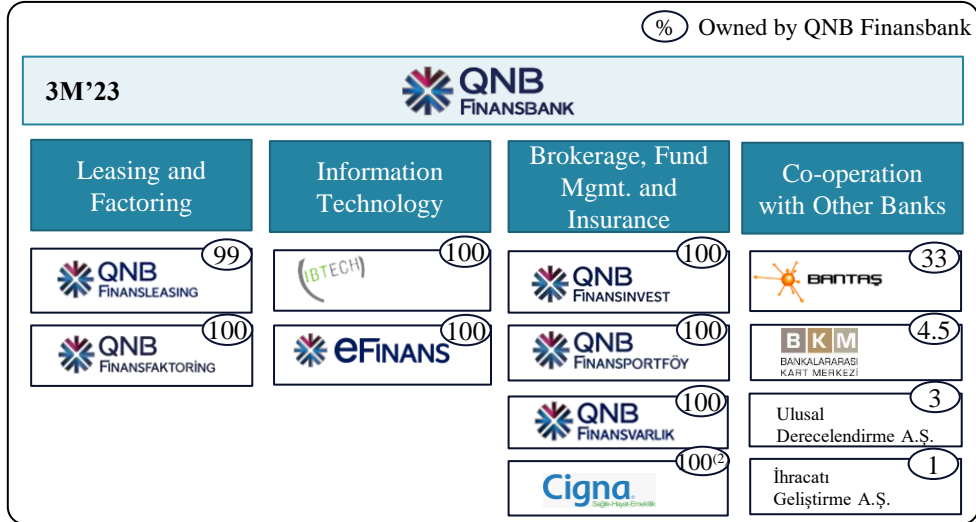


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# **QNB Finansbank and QNB Group at a Glance**

# 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	3M'23
TL, bn	eop
Total assets	638.3
Net loans	377.4
Customer deposits	421.8
Shareholder's equity	49.1
Branches (#)	436
Active customers (mn)	8.7
Bank only employees (#)	11,576

## QNB Finansbank market positioning

	Bank only, 3M'23 eop	Numbers of Branches	Total Assets	Net Loans	Customer Deposits	Retail Loans <sup>(3)</sup>	Commercial Installment Loans <sup>(3)</sup>
1 <sup>st</sup>	İşbank	İşbank	İşbank	İşbank	İşbank	Garanti	İşbank
2 <sup>nd</sup>	Garanti	Garanti	Garanti	Garanti	Garanti	Yapı Kredi	Garanti
3 <sup>rd</sup>	Yapı Kredi	Akbank	Yapı Kredi	Akbank	İşbank	Yapı Kredi	
4 <sup>th</sup>	Akbank	Yapı Kredi	Akbank	Yapı Kredi	Akbank	Denizbank	
5 <sup>th</sup>	Denizbank						
6 <sup>th</sup>	TEB	Denizbank	Denizbank	Denizbank	Denizbank	Akbank	
7 <sup>th</sup>		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> Legal procedures for acquisition of the remaining 51% stake by QNB Finansbank were completed in January 2023

<sup>(3)</sup> Including overdraft and credit cards

Source: BRSA bank only data; BAT

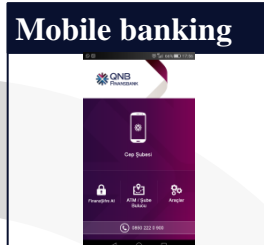
# QNB Finansbank covers Turkey through a diverse distribution network and the market's only “pure digital bank”

**Internet banking**



286K active internet banking customers

**Mobile banking**



5.0 mn active mobile banking customers

**Direct sales**




737 in-house personnel

**436 branches**




Covering 68 out of 81 cities of Turkey

**Call center**



986 inbound agents

**Telesales**



44 outbound agents

**ATMs**



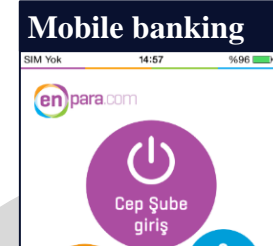
3,123 ATMs around Turkey and reaches 7,770 ATM's through new ATM sharing program

**POS**



251K POS terminals

**Mobile banking**



3.3 mn active mobile banking customers

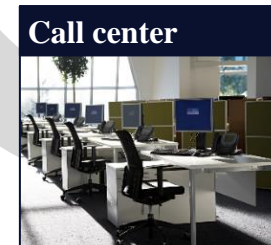
**Internet banking**



199K active internet banking customers



**Call center**



498 inbound agents

**Field service**



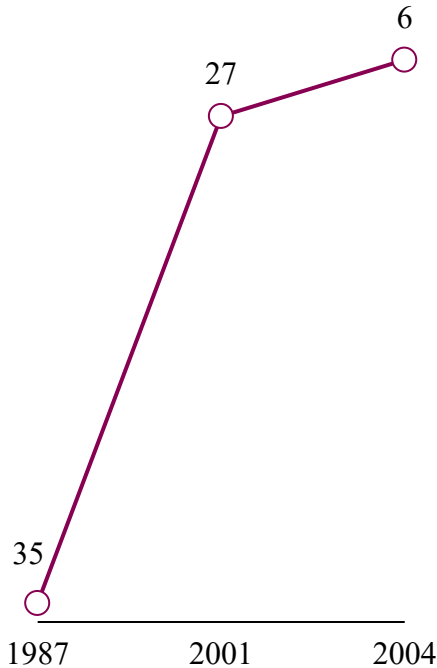
266 field service personnel

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

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

## Total Assets

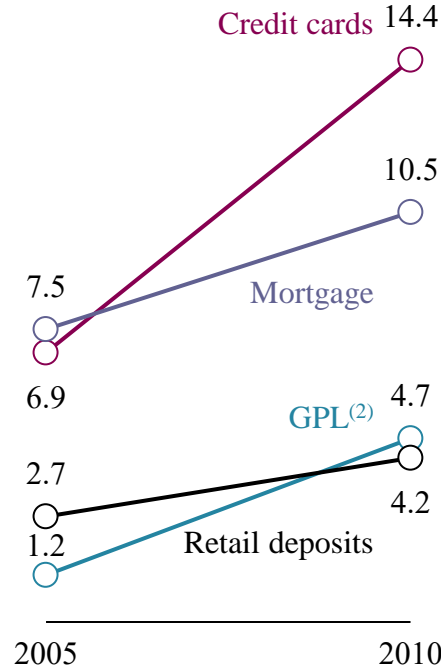
Ranking in Private Banks<sup>(1)</sup>



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

## Market share

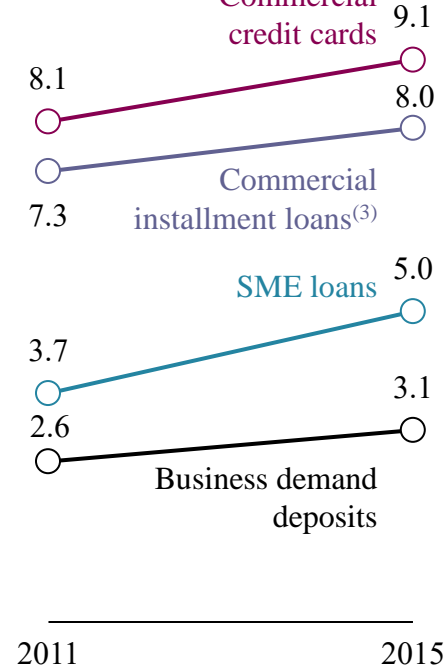
%



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

## Market share

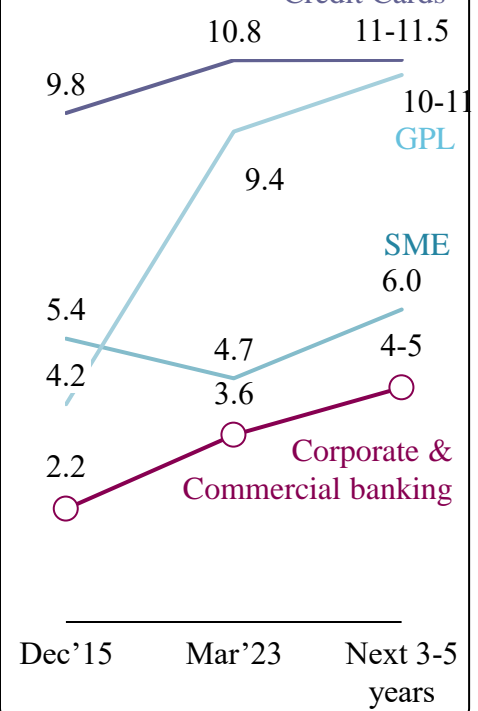
%



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

## Market share

%



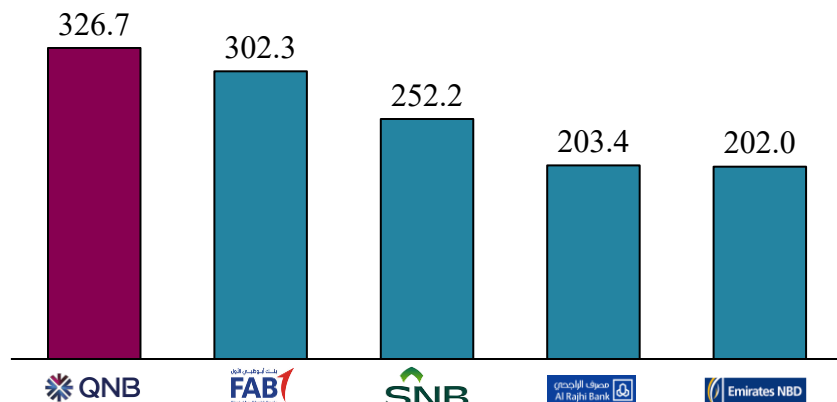
# QNB ownership has provided a strong support to one of market's leading performers

QNB Finansbank			QNB (Q.P.S.C.)																						
Shareholder Structure	<div><div><div>%</div><div><div></div><div></div></div><div><div>Qatar National Bank (Q.P.S.C.)</div><div>99.88</div><div>Other</div><div>0.12</div></div></div></div>		<div><div><div>%</div><div><div></div><div></div></div><div><div>Qatar Investment Authority</div><div>50.0</div><div>Private Sector</div><div>50.0</div></div></div></div>																						
Ratings	<table><thead><tr><th></th><th>Moody's</th><th>Fitch</th></tr></thead><tbody><tr><td>Foreign Currency Long-term Debt</td><td>B3</td><td>B-</td></tr><tr><td>Foreign Currency Short-term Debt</td><td>NP</td><td>B</td></tr></tbody></table>			Moody's	Fitch	Foreign Currency Long-term Debt	B3	B-	Foreign Currency Short-term Debt	NP	B	<table><thead><tr><th></th><th>Moody's</th><th>Fitch</th><th>S&amp;P</th></tr></thead><tbody><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></tbody></table>			Moody's	Fitch	S&P	Foreign Currency Long-term	Aa3	A	A+	Foreign Currency Short-term	P-1	F1	A-1
		Moody's	Fitch																						
Foreign Currency Long-term Debt	B3	B-																							
Foreign Currency Short-term Debt	NP	B																							
	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 for basic insurance)</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 28 countries around the world across 3 continents</li><li>Serving with 29K staff, at more than 900 locations and 4.8K ATMs</li></ul>																						

# QNB retains its position as the leading financial institution in the MEA across all balance sheet categories...

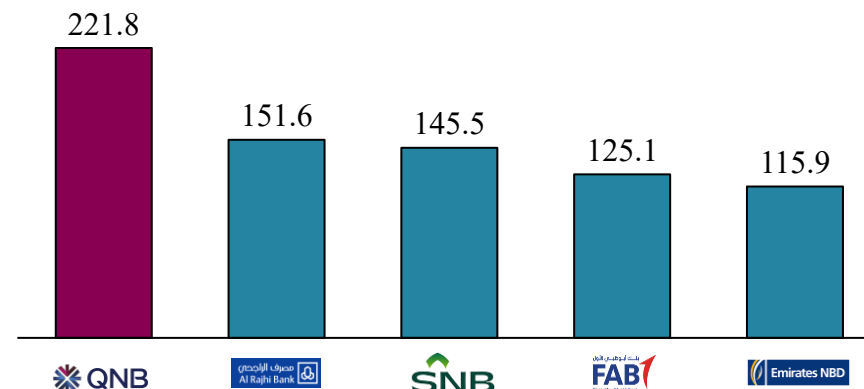
## Total Assets

USD bn, Mar'23



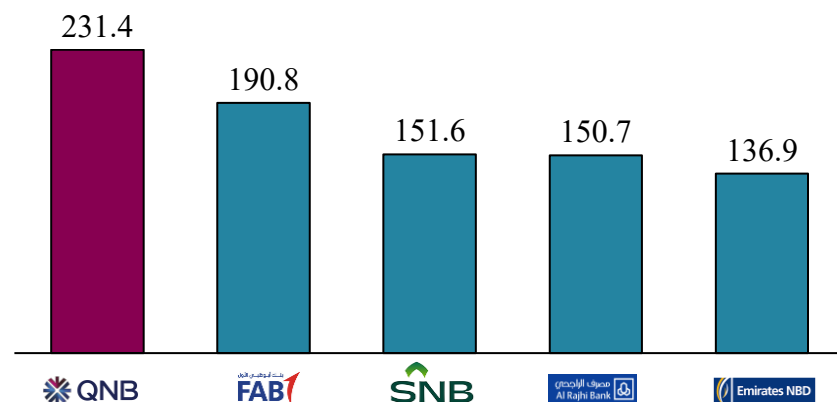
## Loans

USD bn, Mar'23



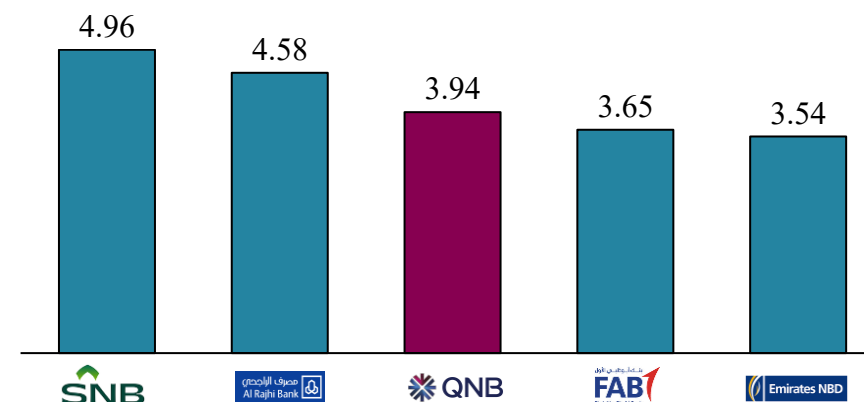
## Deposits

USD bn, Mar'23



## Net Profit

USD bn, Mar'23

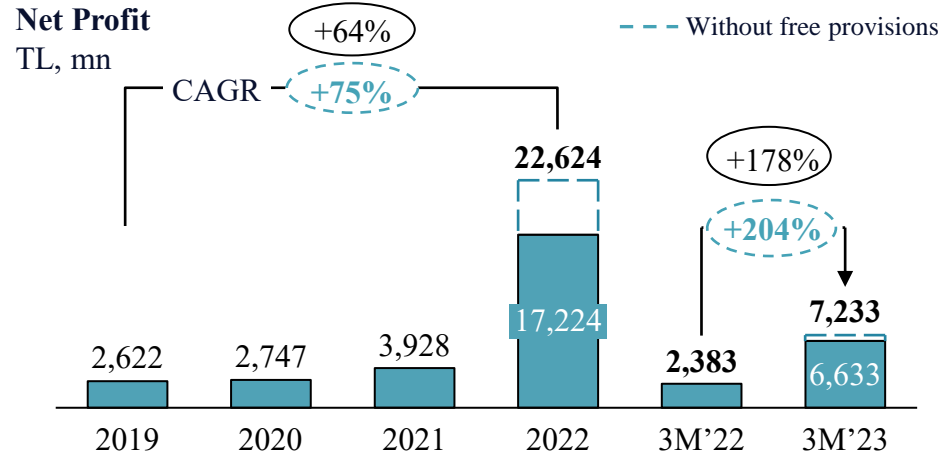


# Financial Performance

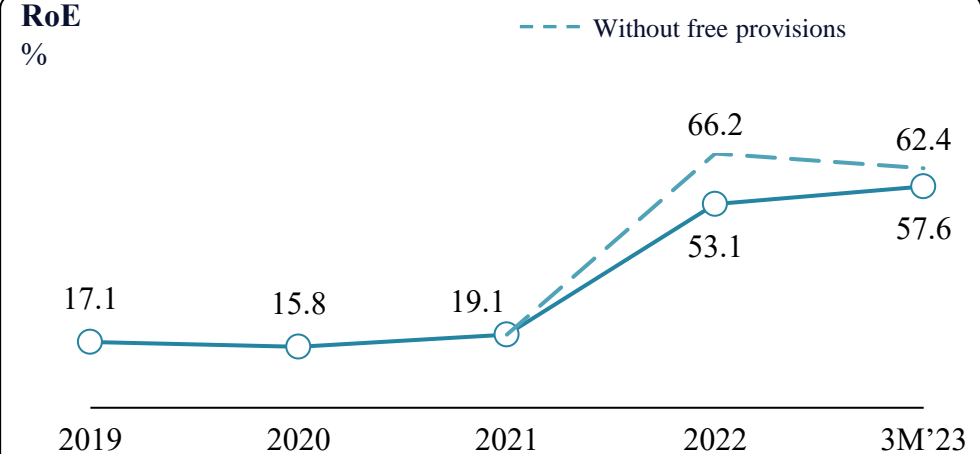
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# Robust operating performance stood out even with TL 600 mn free provision in Q1'23, as resilient asset quality metrics and capital buffers maintained

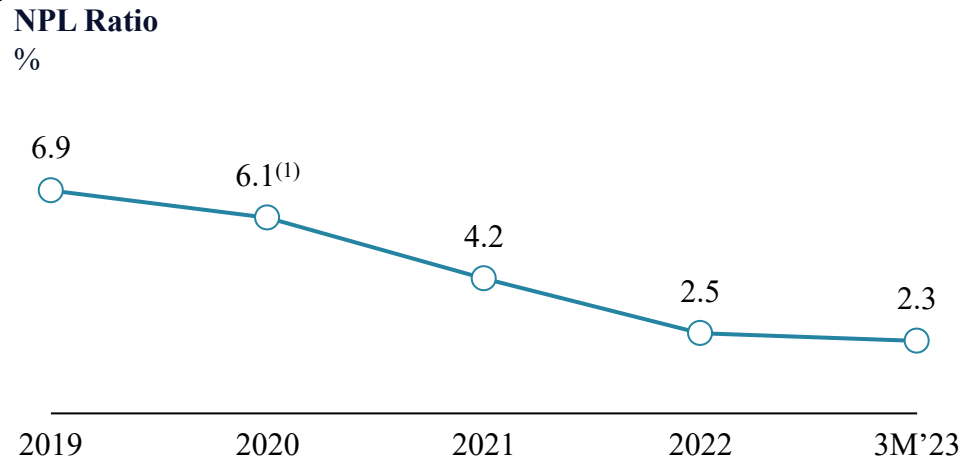
Q1'23 net profit was up by 178% YoY (204% - free provision adjusted) thanks to resilient core income growth



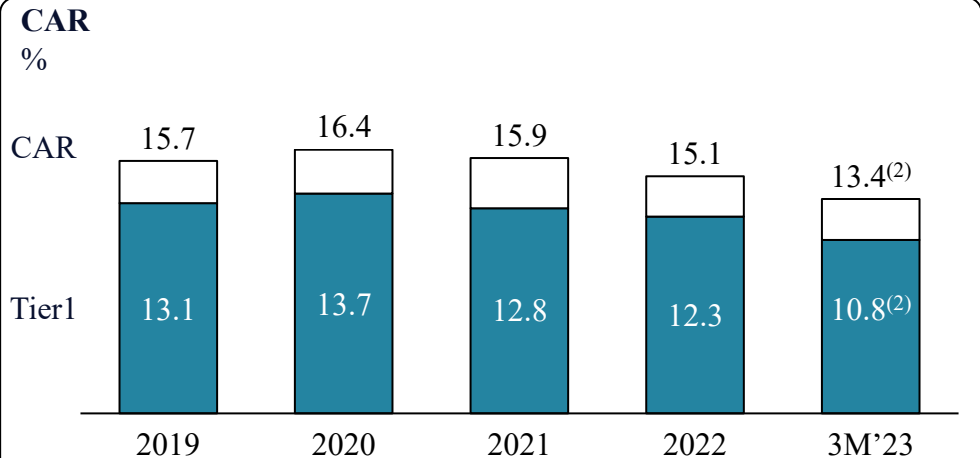
... leading to an outstanding 58% ROE (63% - free provision adjusted) in Q1'23, even with ongoing proactive provisioning stance



NPL ratio improved on the back of strong collections, low new NPL inflow and solid loan growth



Capital adequacy upheld solid even with strong loan growth and adverse exchange rate



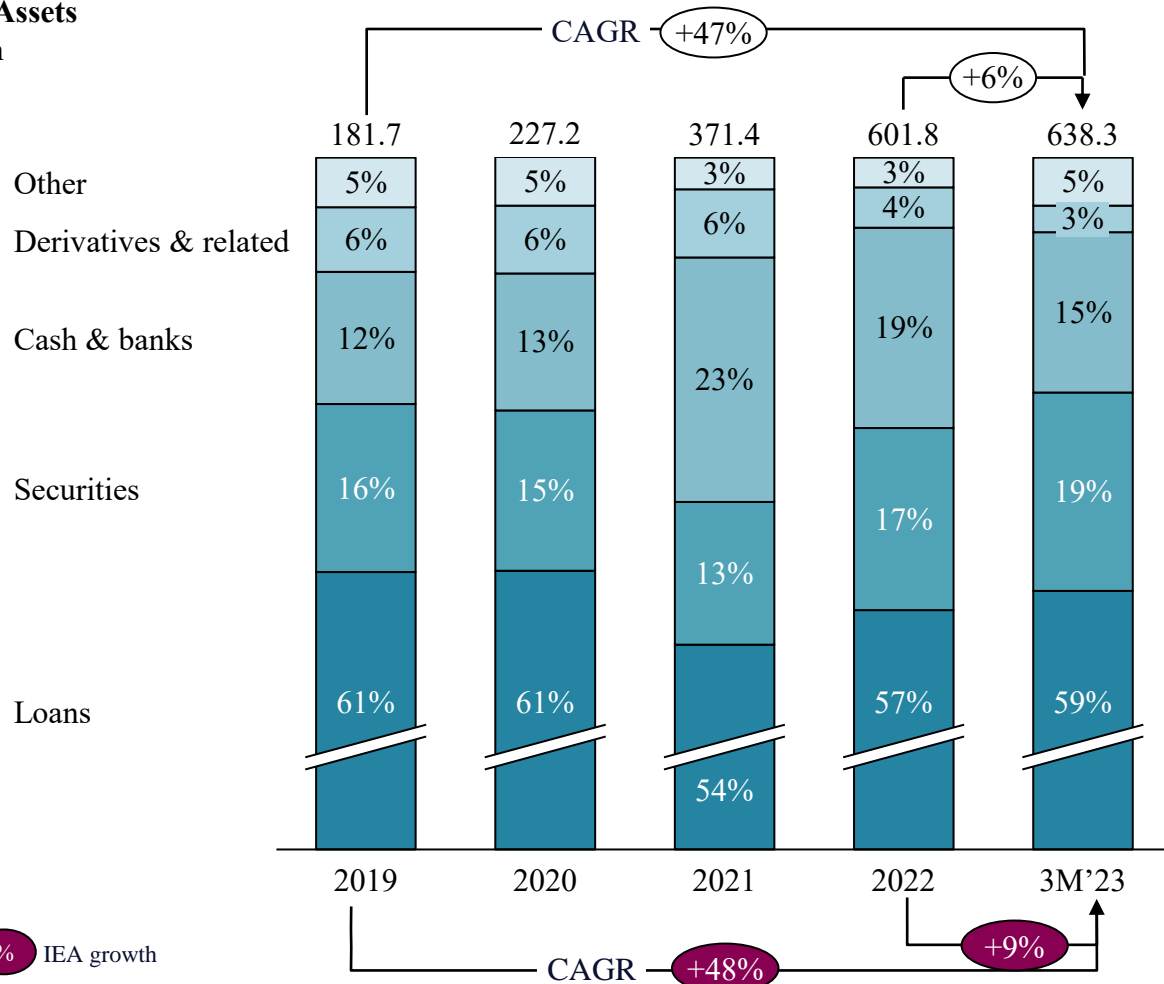
# Well-balanced asset base reached TL 638 bn with a robust 6% QoQ growth

Loans & securities with 78% share in total assets have remained as the main income generation source

Balance sheet growth has been primarily driven by TL assets, ...

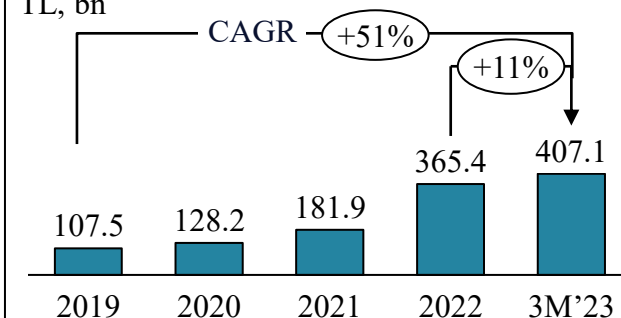
## Total Assets

TL, bn



## TL Assets

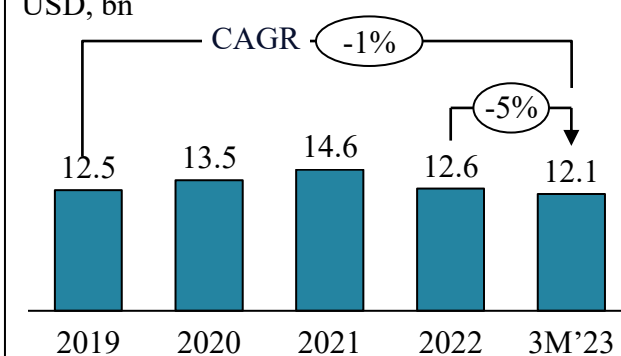
TL, bn



...as the demand on FC side has continued to remain muted

## FX Assets<sup>(1)</sup>

USD, bn

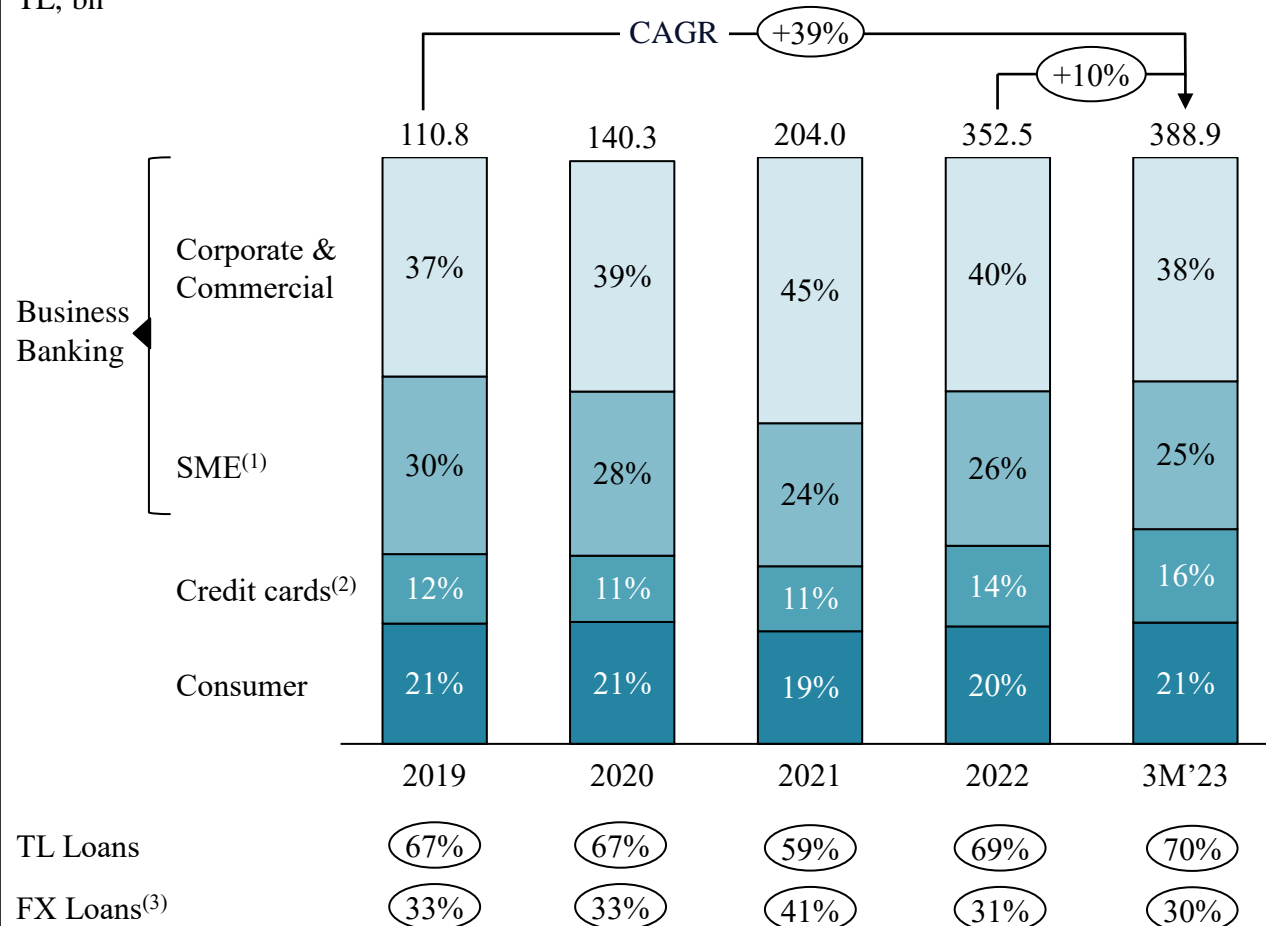


# Loan growth, supported by all businesses, outpaced private peers, further contributing to market share gains in 2022

Well-diversified performing loans portfolio recorded 10% QoQ growth

## Performing Loans by Segment and Currency

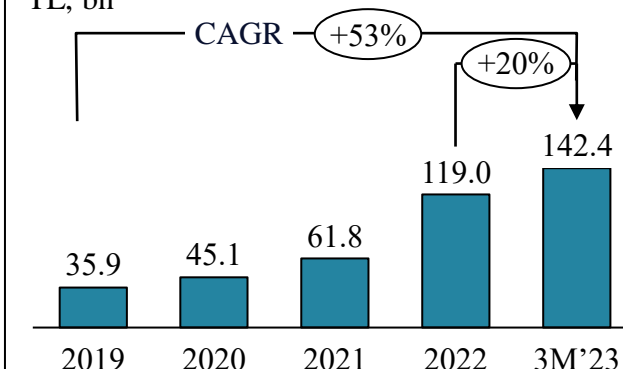
TL, bn



As retail loans were up by 20% QoQ on top of an already strong base,

## Retail Loans

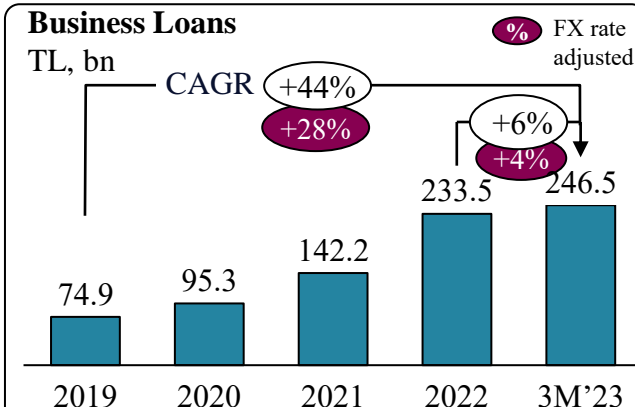
TL, bn



... business loans growth also remained robust at 6% QoQ

## Business Loans

TL, bn

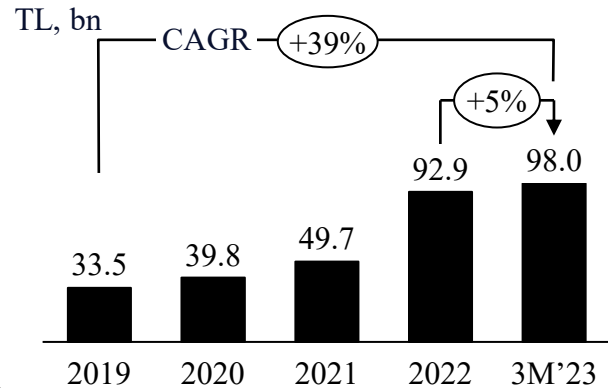


# Working capital needs fueled Business Banking growth, while General Purpose Loans and Credit Cards remained focus areas at Retail lending

■ Business banking  
■ Retail banking

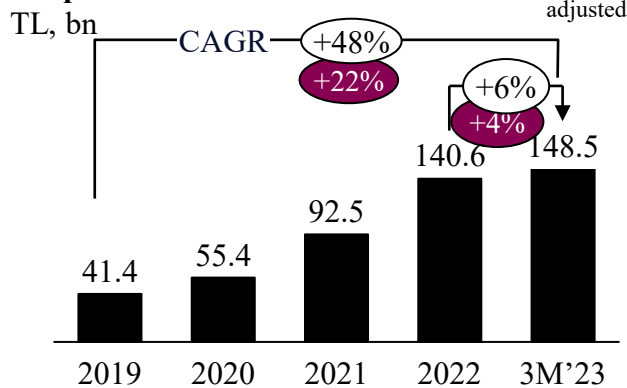
**Growth in SME and Business loans mainly driven by working capital loans,**

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



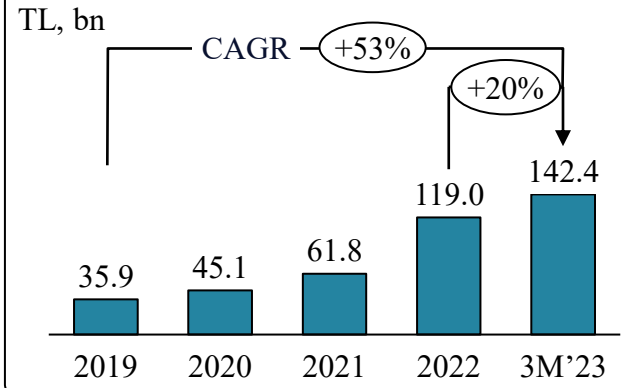
**...as growth in Corporate & Commercial also benefited from currency impact on FX loans**

## Corporate & Commercial Loans



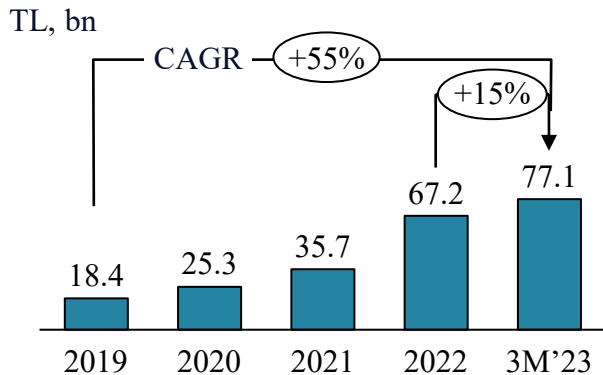
**Retail lending focussed on**

## Retail Loans



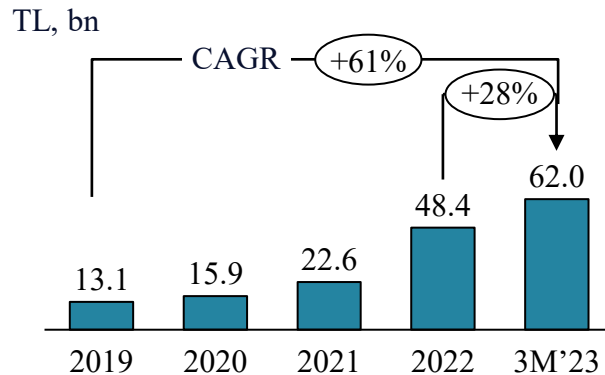
**...General Purpose Loans...**

## General Purpose Loans<sup>(2)</sup>



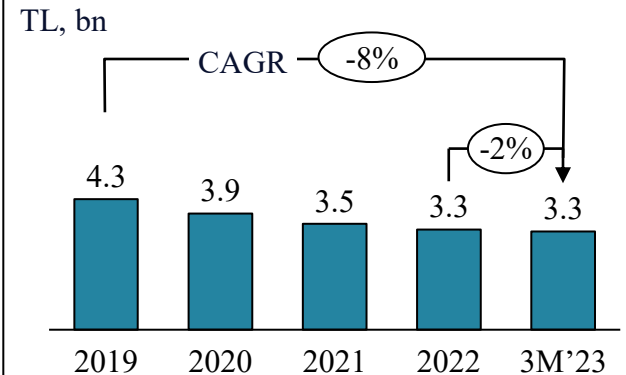
**... and Credit Cards, ...**

## Credit Card Loans<sup>(3)</sup>



**... while redemptions in mortgage portfolio continued.**

## Mortgage Loans



<sup>(1)</sup> Based on BRSA segment definition

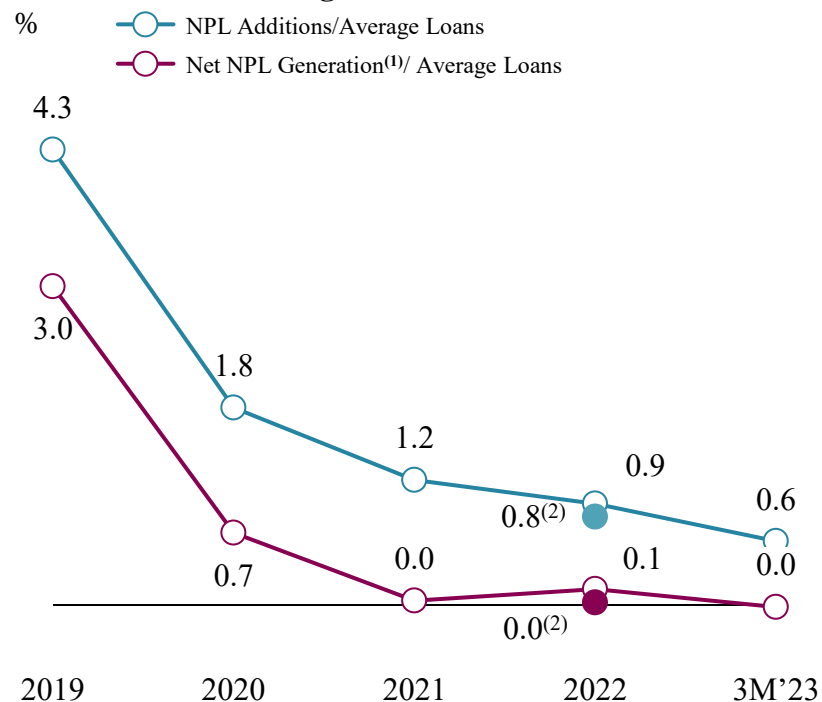
<sup>(2)</sup> Including overdraft loans

<sup>(3)</sup> Solely represents credit cards by individuals

# Net new NPL generation continued to remain muted throughout Q1'23 on the back of strong collections performance and very low NPL inflow

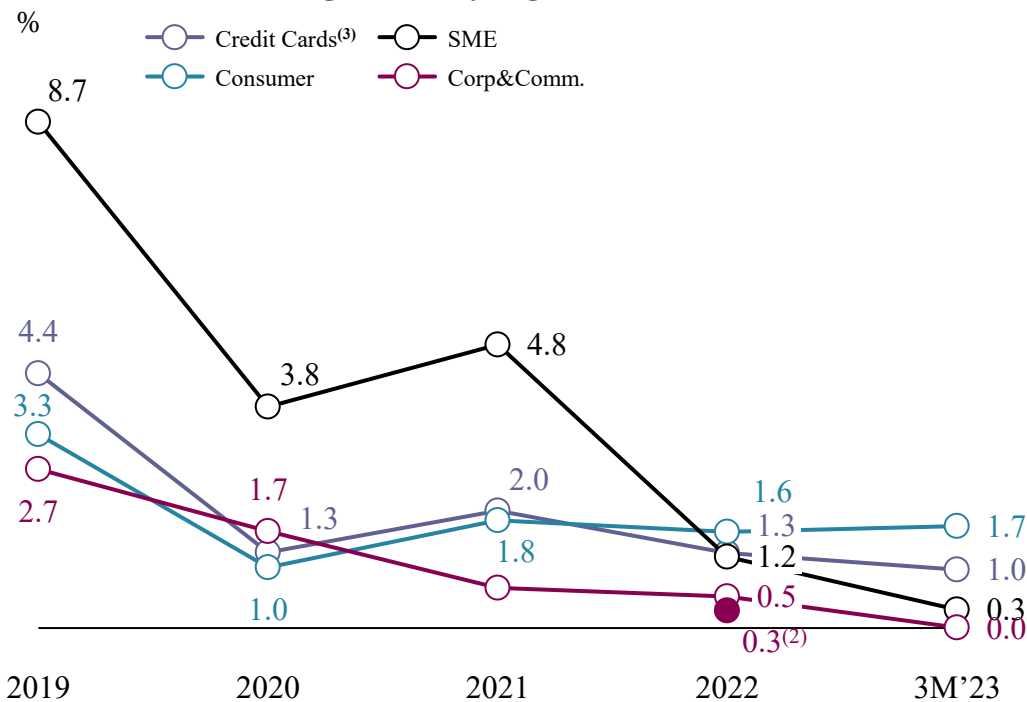
NPL additions remained muted, as benign credit environment continued

NPL Additions / Average Loans



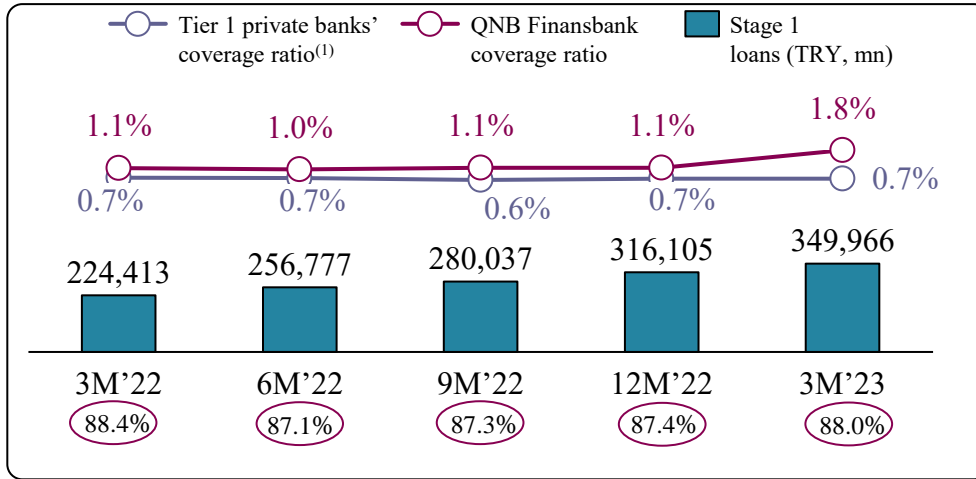
... as performance fared better than projected across the board in all segments

NPL Additions / Average Loans by Segment

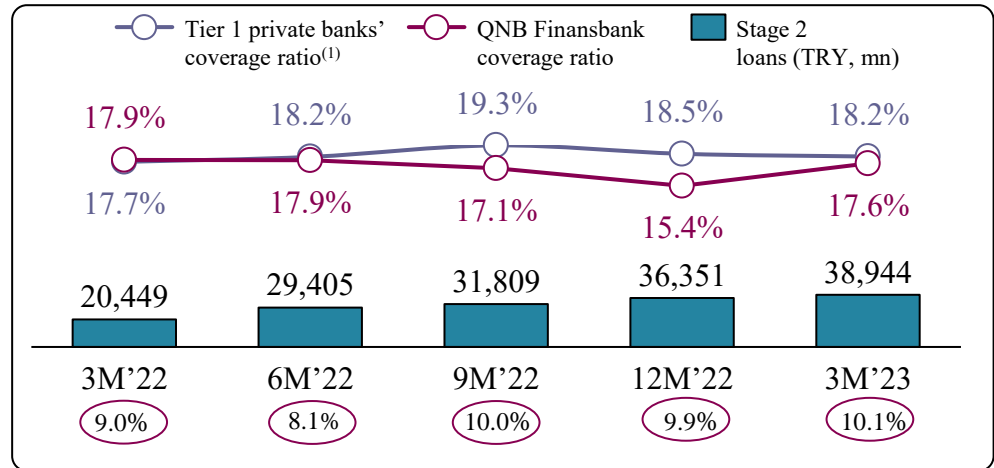


# Conservative provisioning stance geared up with additional macro overlay for potential earthquake risks, further reinforcing provision buffers even with strong loan growth

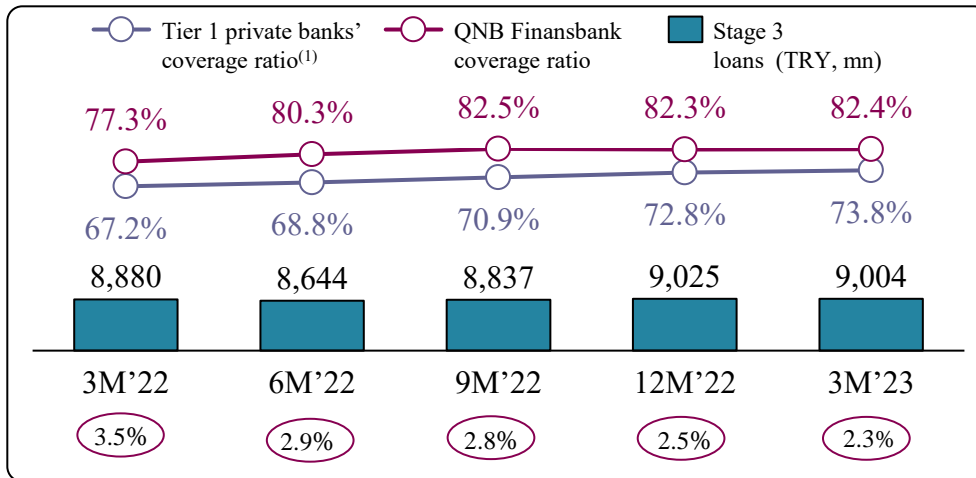
**Prudent provisioning approach from the first moment has picked up further and yielded a Stage I coverage standing well above peers' average**



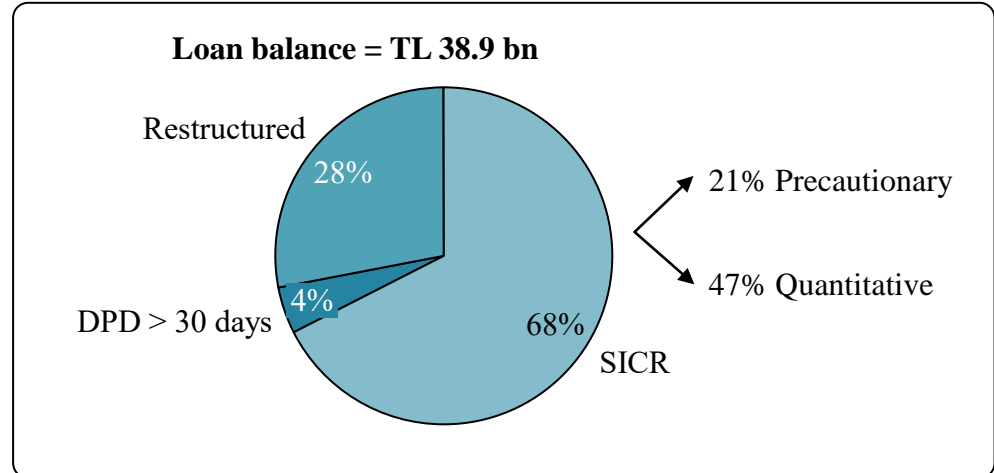
**Sound Stage II coverage has been reinforced with proactive staging stance**



**Stage III coverage maintained well above peers' average, fortifying provision buffers built across the board**



**68% of Stage II loans composed of SICRs, of which majority are non-delinquent at all**

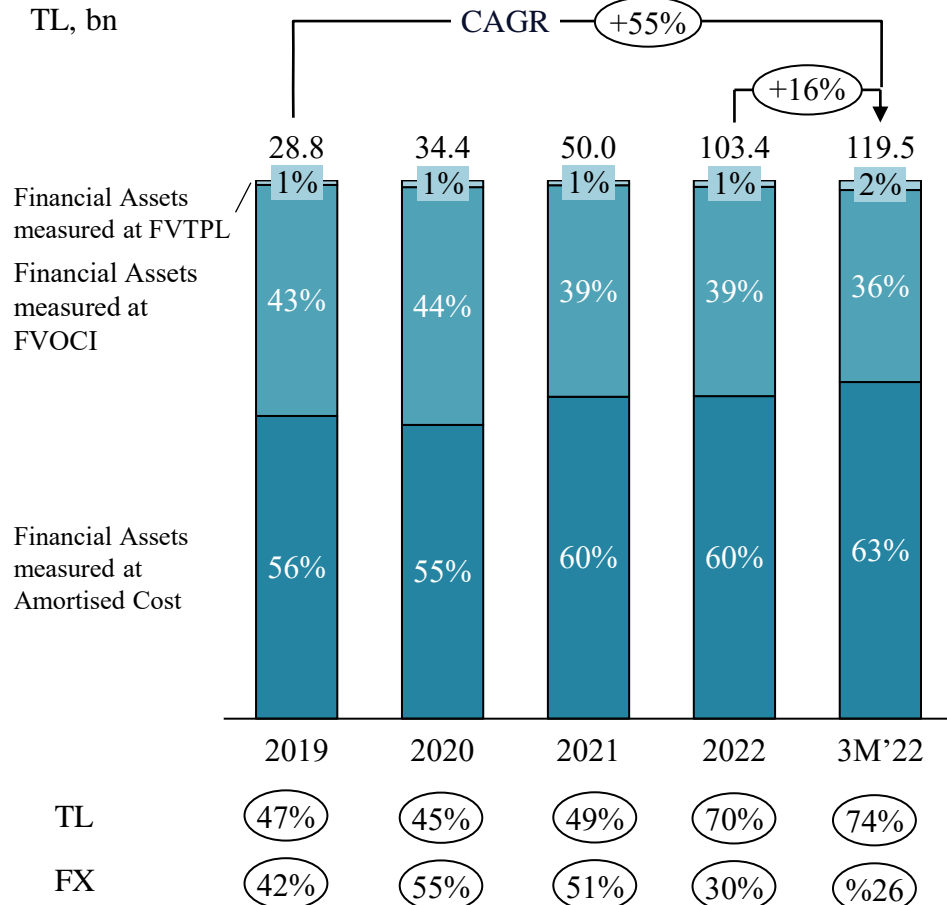


# Securities portfolio reached TL120 bn, accounting for 19% of assets base

Securities portfolio's growth was attributable to TL securities growth

## Total Securities

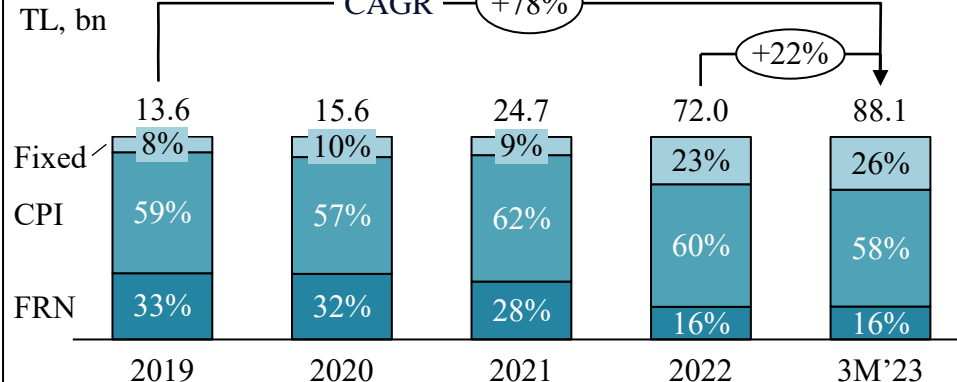
TL, bn



Fixed TL securities rose on account of securities increased maintenance requirement needs, whilst CPI linkers & FRNs still accounted for 74% of TL securities portfolio

## TL Securities

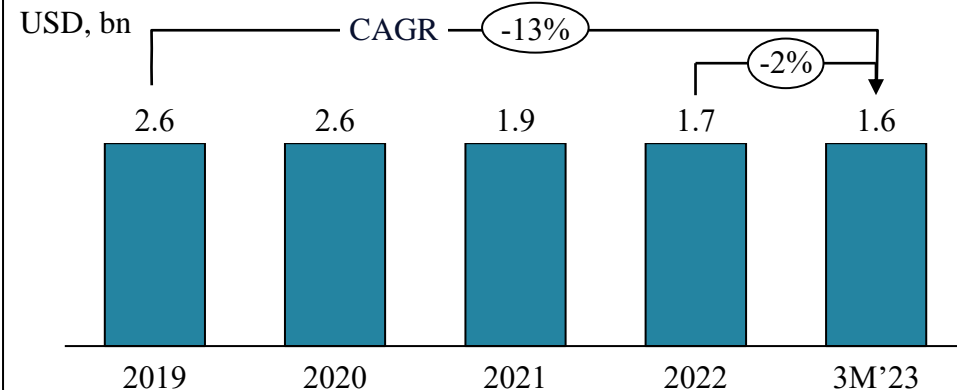
TL, bn



FX securities of US 1.6 bn accounted for 26% of securities portfolio

## FX Securities

USD, bn

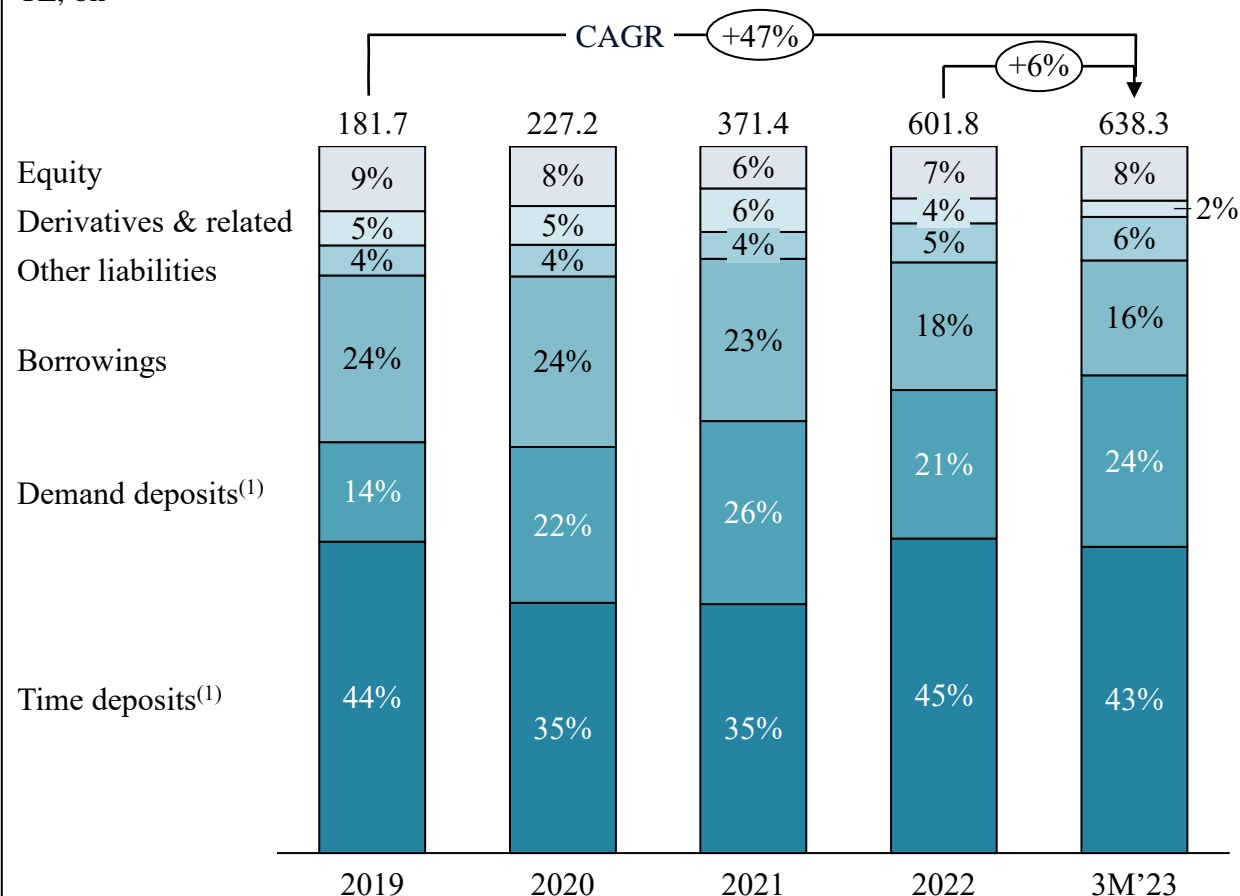


# Well-diversified & disciplined funding mix maintained with a tilt towards TL funding,

Deposits maintained as the major source of funding, accounting for 67% of asset base

## Total Liabilities

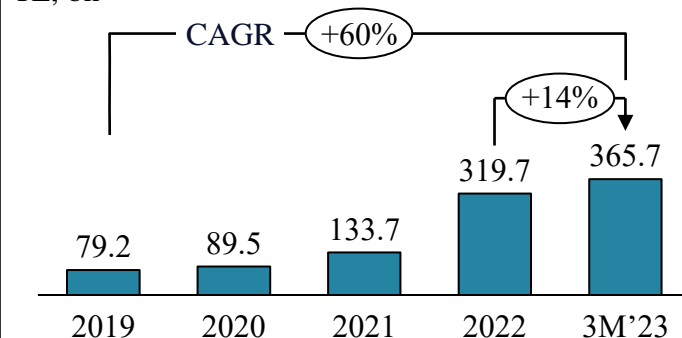
TL, bn



Balance sheet growth funded mainly by TL with a deliberate financial deepening strategy,

## TL Liabilities

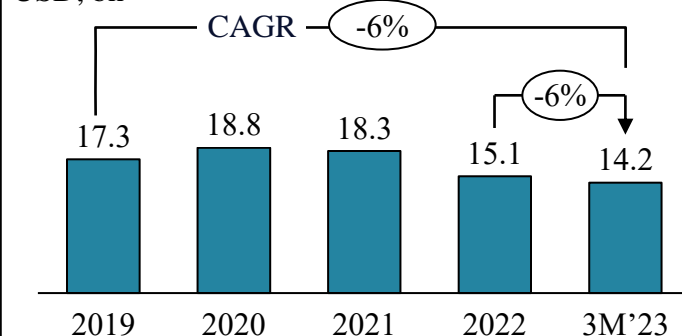
TL, bn



FX liabilities continued to decline following higher funding costs

## FX Liabilities

USD, bn

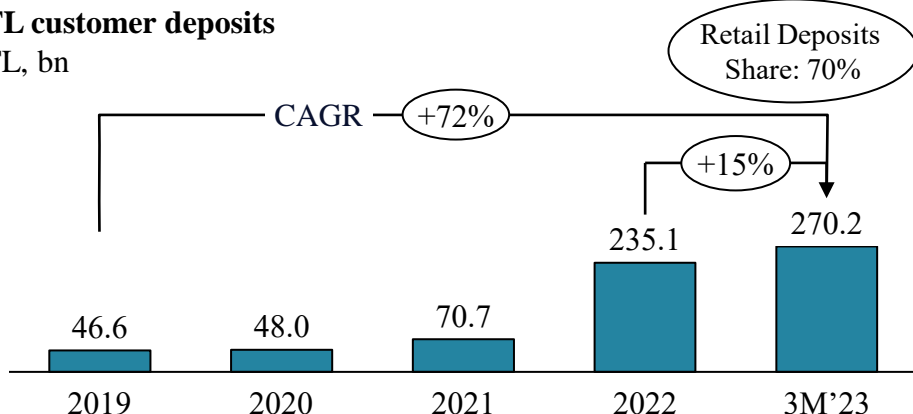


# Healthy deposit base further strengthened by TL deposit gatherings on the back of FC-protected deposits scheme, without forgoing the robust demand deposits' contribution

TL customer deposits grew by 15% QoQ as sticky, low-cost Retail Deposits accounted for 70% of the base, ...

## TL customer deposits

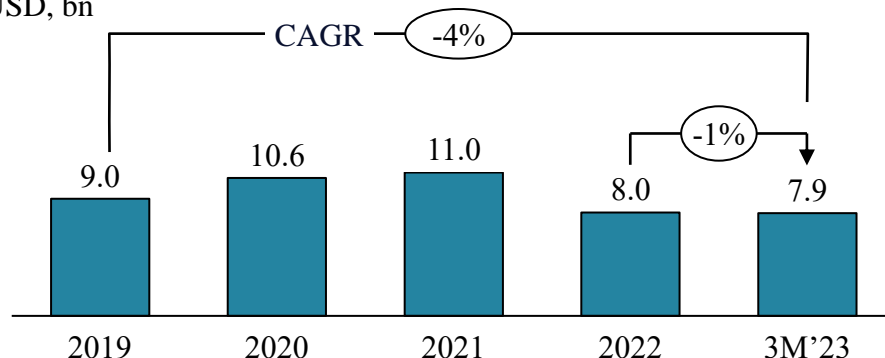
TL, bn



Conversions from FX deposits reduced reliance on swaps

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

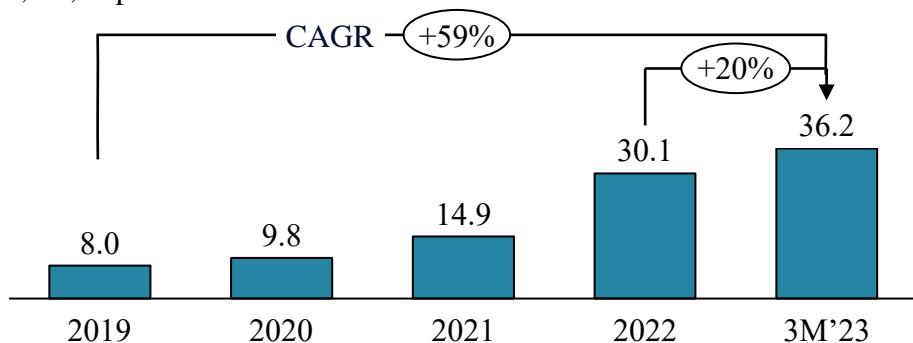
USD, bn



Sound and healthy demand deposit contribution sustained in a challenging backdrop

## TL customer demand deposits

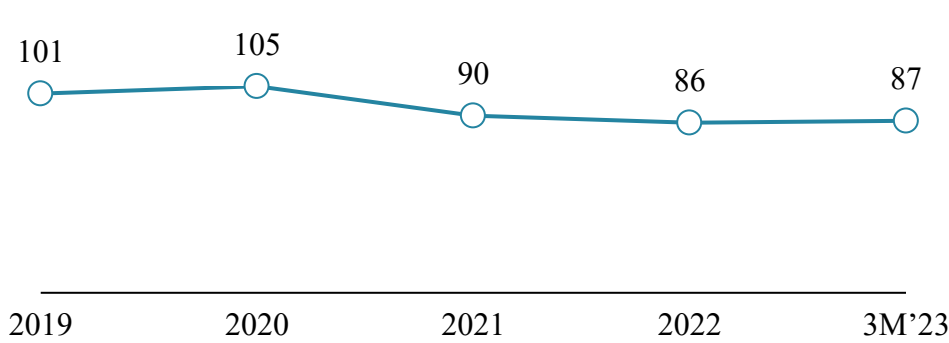
TL, bn, aop



LDR improvement sustained thanks to robust deposits' performance

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

%

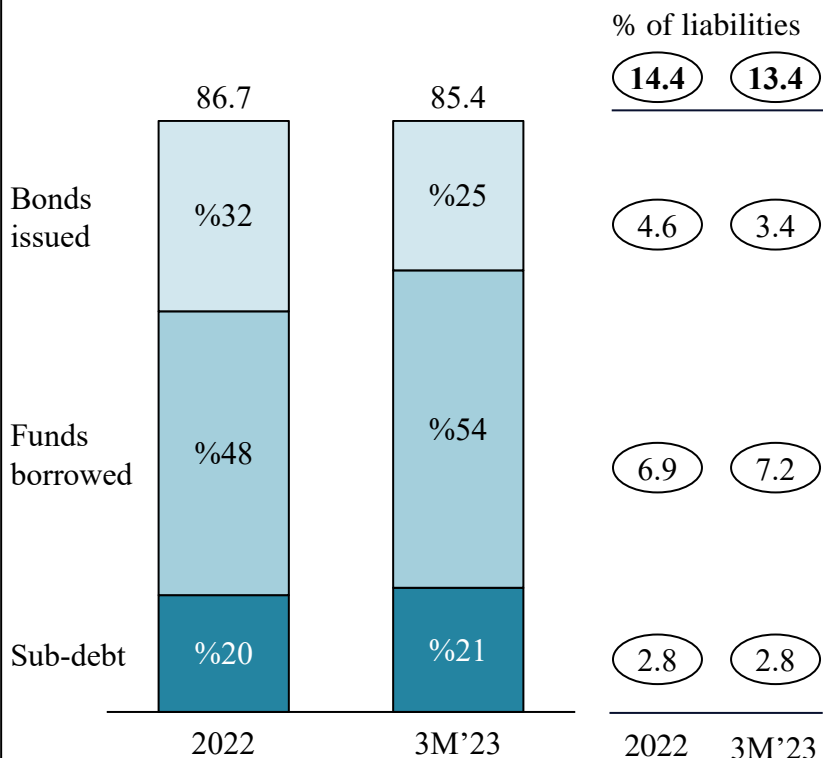


# Well-balanced wholesale borrowing mix has been actively managed with a cost-oriented approach, closely assessing loan & demand dynamics

Well diversified wholesale borrowing mix funded 13% of the assets base,

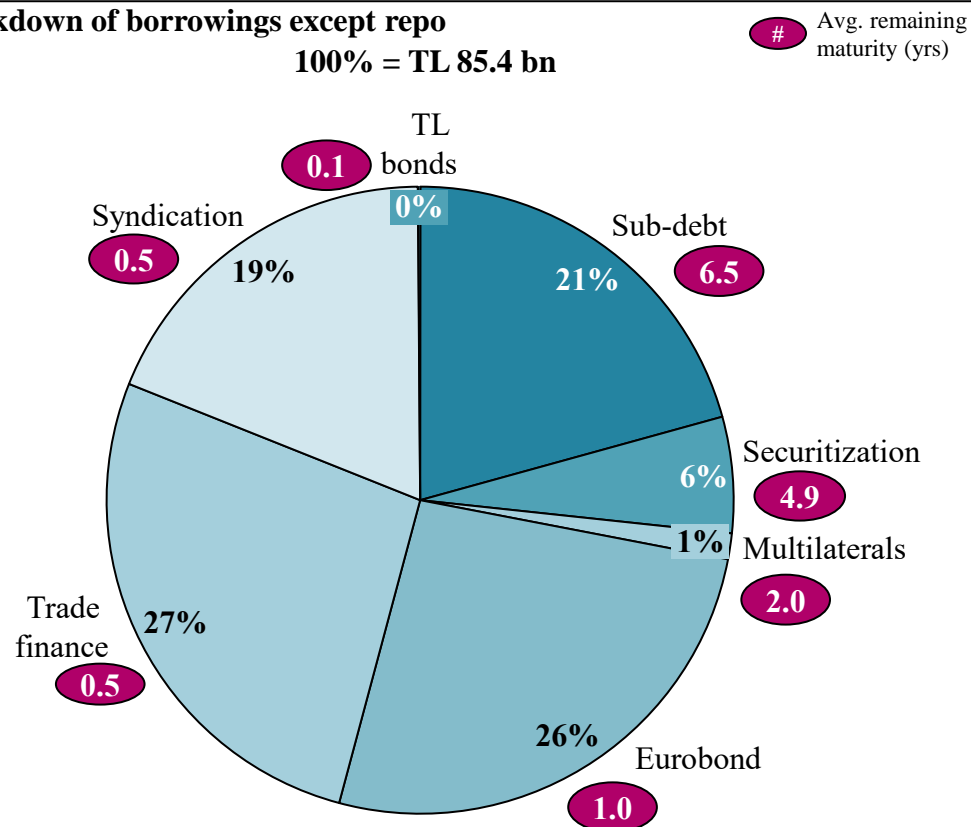
... as majority of the wholesale funding has a remaining maturity above 1 year

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



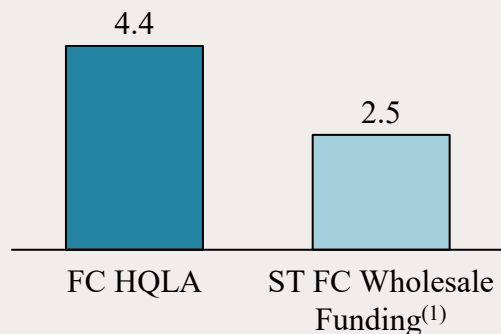
**Breakdown of borrowings except repo**

100% = TL 85.4 bn

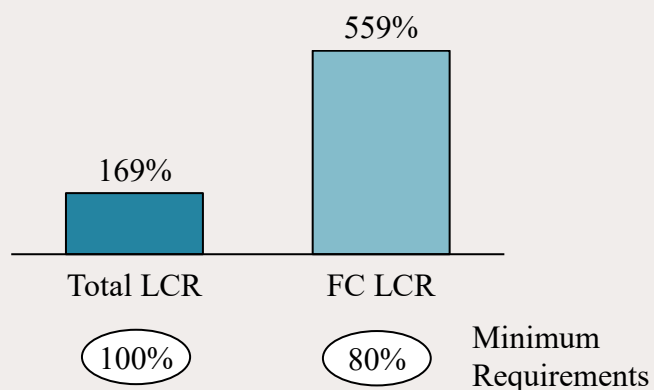


# Manageable external borrowings led to ample FC liquidity vis-a-vis short-term dues

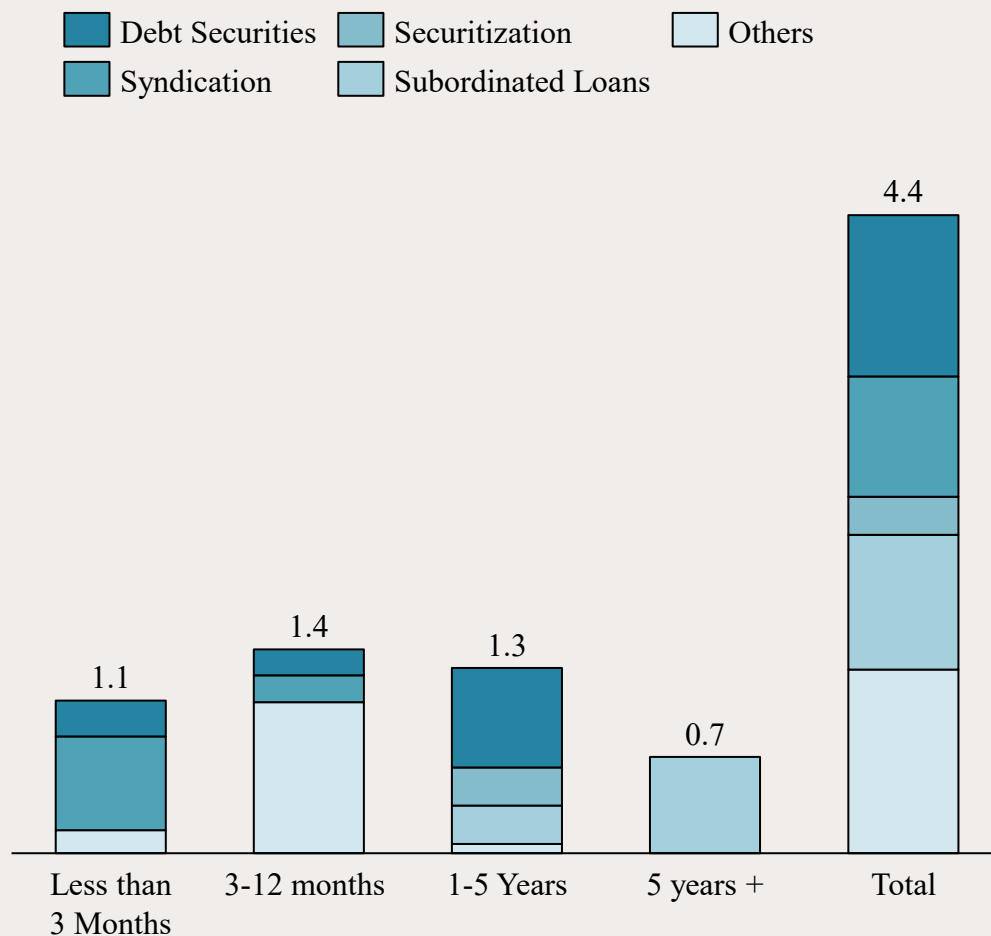
FC HQLA vs Short-term Dues (USD bn)



Liquidity Coverage Ratios (% eop)



Maturity Profiles of FC Wholesale Funding (USD bn)



# A structured approach to market and liquidity risk management

## Focused ALM leads to low interest rate sensitivity

- TL interest rate sensitivity is actively managed in the international swap market
- Hedge swap book stands at TL 5.0 bn as of the end of Q1'23
- Net change in Economic Value / Equity is constantly monitored under several scenarios
- Regulatory IRRBB ratio is at 9.1% as opposed to 20% limit; indicating a conservative interest rate position on the banking book (as of the end of Q1'23)

## Prudent management of liquidity risk

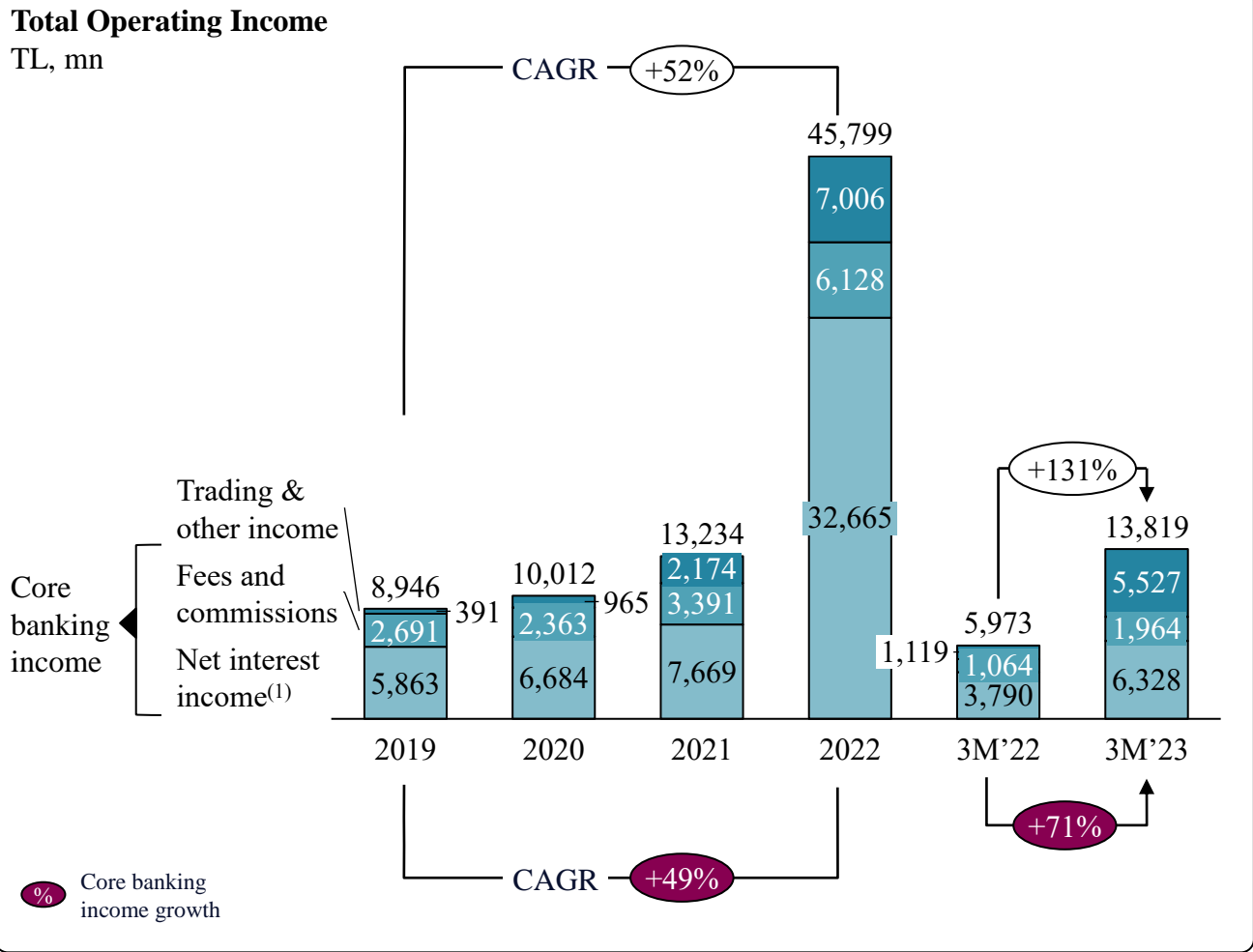
- Strong framework is in place to ensure sufficient short-term and long-term liquidity
- Total Regulatory Liquidity Coverage ratio is 169% as opposed to 100% limit, whereas FX Regulatory Liquidity coverage ratio is 559% as opposed to 80% limit. (as of the end of Q1'23)
- Continuous monitoring and reporting are in place to support effective management in addition to contingency plans for extreme situations

## Low risk appetite for trading risks

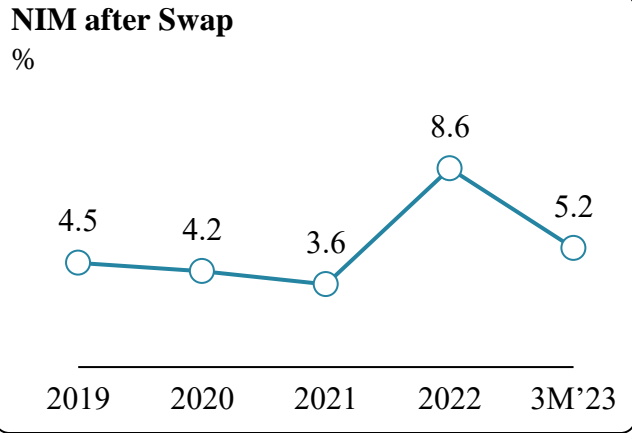
- Low trading risk appetite is reflected by the limit structure both on portfolio and product level
- Best-in-class measurement methodologies are in place with daily monitoring of all market risk metrics (VaR, sensitivities, etc.) in addition to stress tests and scenario analysis

# Remarkable operating income supported by both healthy NII and F&C performance

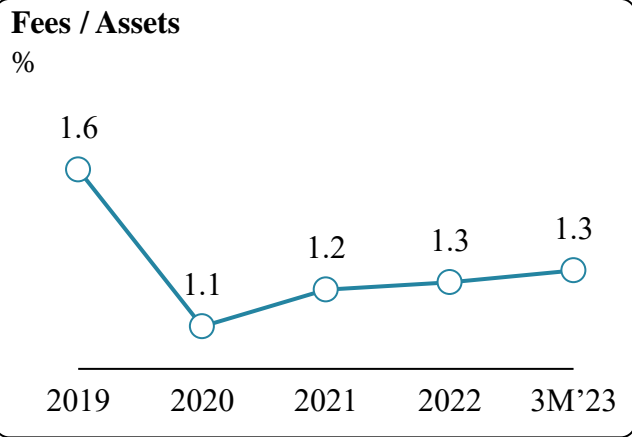
Exceptional core banking income growth thanks to eye-catching NII expansion and robust Fees & Commissions contribution



Strong NIM uplift upheld by higher CPI linkers' contribution



solid Fees&Commissions contribution sustained albeit strong assets growth



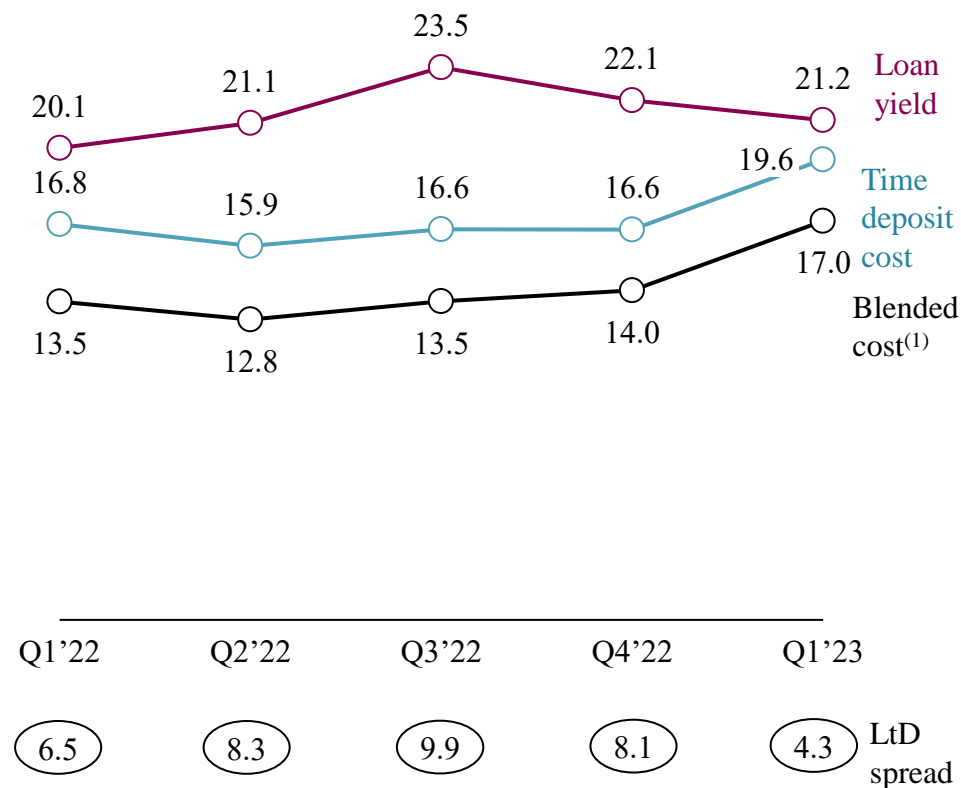
<sup>(1)</sup> Including swap expenses

# Active spread management has contributed to the outstanding NIM performance

As loan yields continued to decrease, additional macroprudential measures taken in Q4 led higher deposit costs, weighing on TL spreads in Q4.

## TL Spread

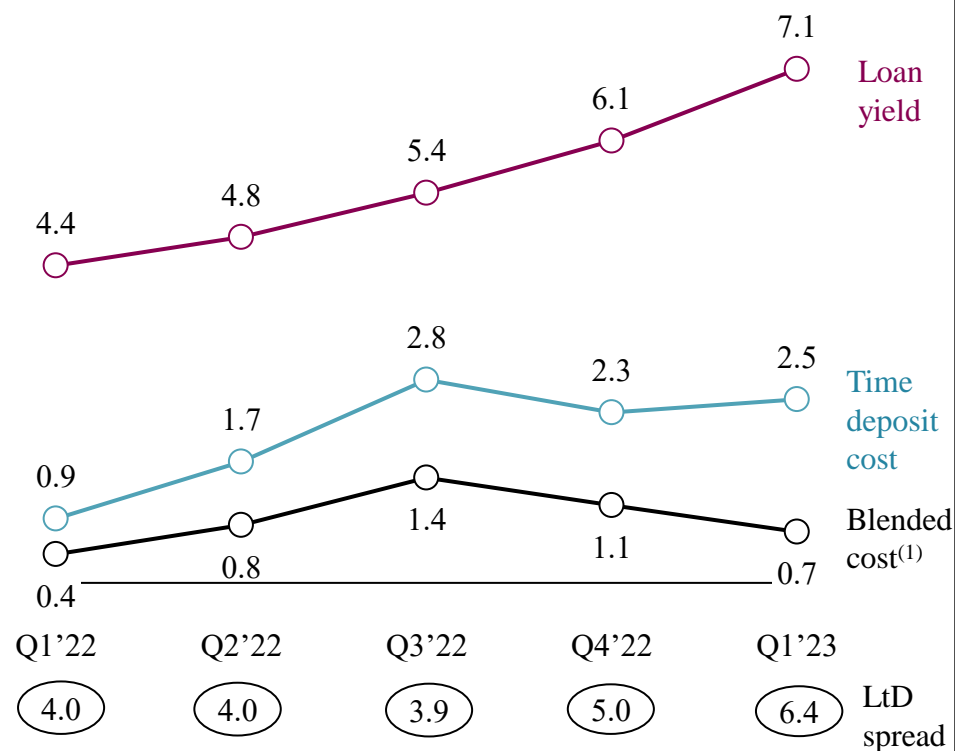
%, quarterly



FX spreads remained relatively intact throughout 2022 mainly on the back of ample FX deposit supply, macroprudential policies in Q4 further boosted the spread in the quarter

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

%, quarterly



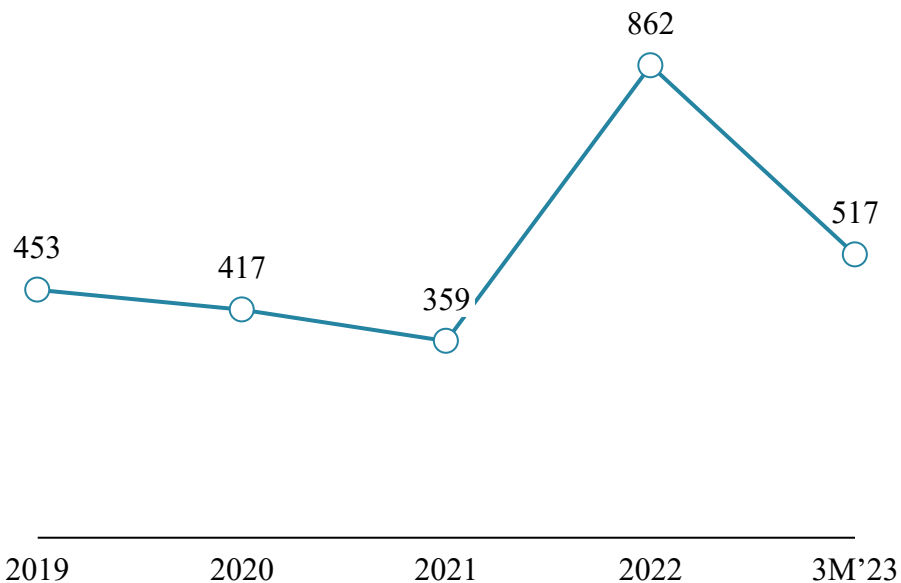
# NIM was pressured by interest rate caps on loans, simultaneous increase in deposit costs as well as lower contribution from CPI linkers

As Q1'23 NIM of 517 bps remained well above historical average,

Pressure is building up with climbing deposit costs, which cannot be reflected onto loan yields due to interest rate caps, as lower CPI linkers' contribution adds up

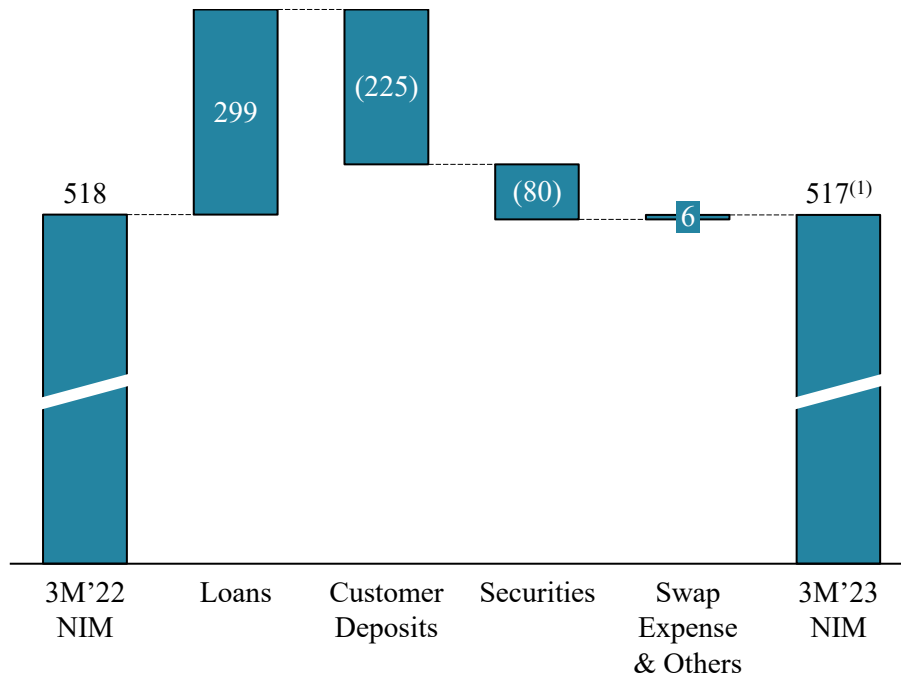
Cumulative NIM after Swap

bps



Evolution of NIM after Swap

bps

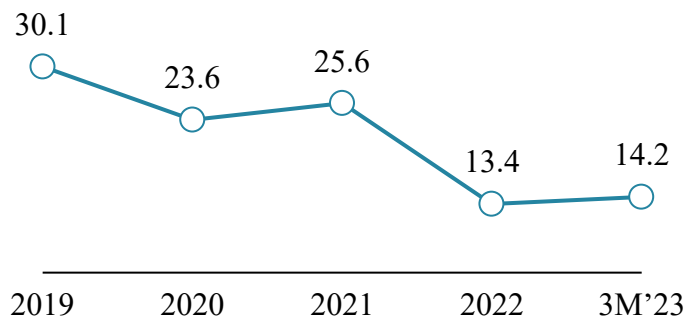


# Fees&Commissions once again outperformed the expectations across the board

Exceptional fees contribution to total income diluted by exceptional trading&other income

Fees / Total Income

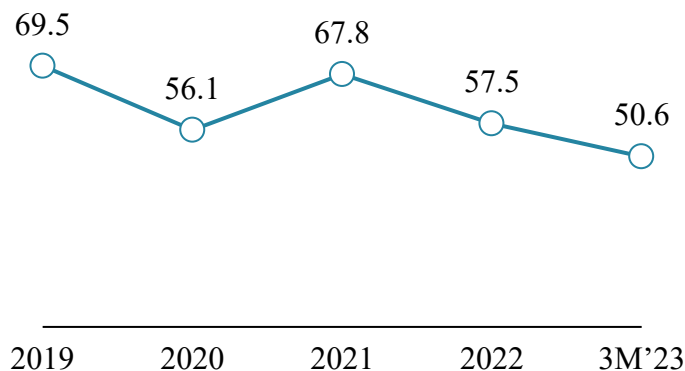
%



Fees alone covered for 51% of OPEX in Q1'23

Fees / OPEX

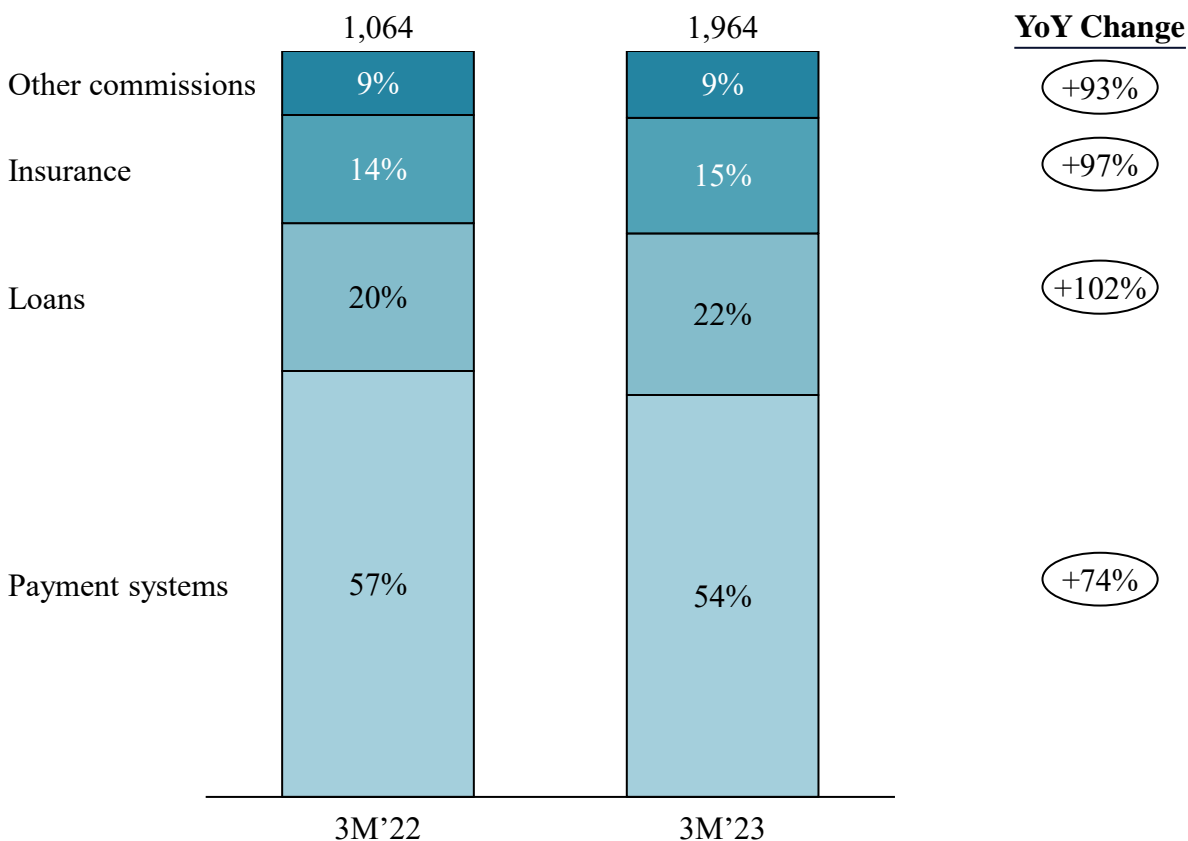
%



Fees&Commissions recorded a remarkable 85% YoY growth even with a strong base, as performance was widely supported by all fee categories

Cumulative Net Fees and Commissions

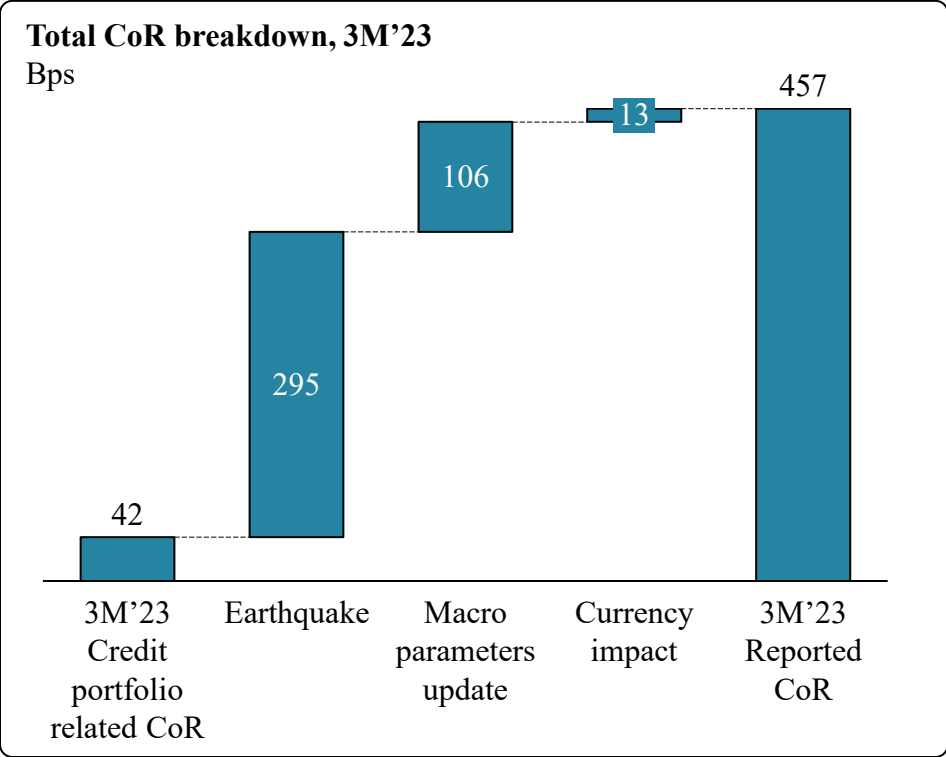
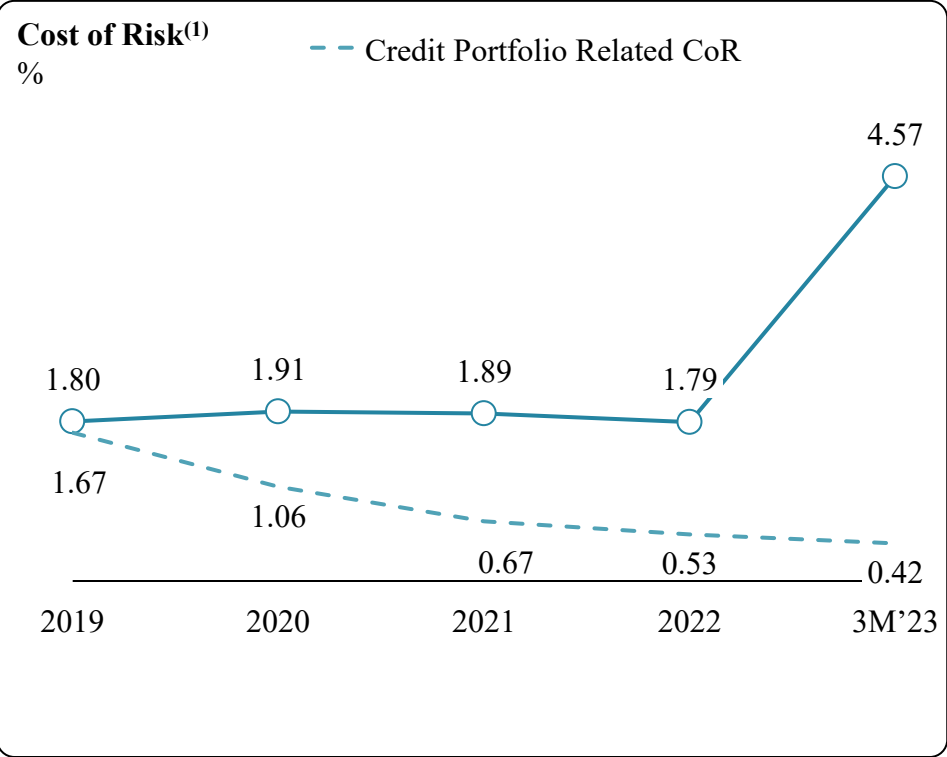
TL, mn



# Proactive provisioning strategy has been upheld even with a muted new NPL generation and solid collection performance, as reported CoR included significant macro overlay given earthquake-related risks as well as macro parameter update

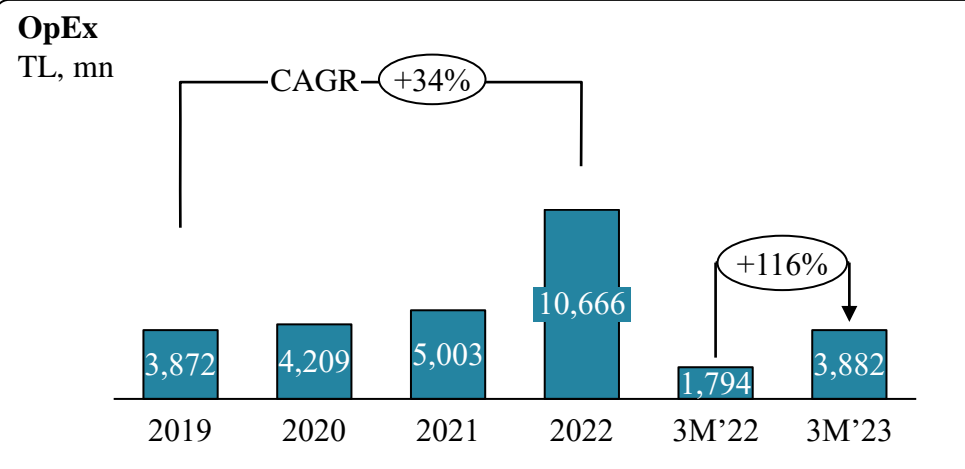
Low NPL additions and solid collection performance enabled the Bank to further build provision buffers,

as reported CoR also included significant macro overlay for earthquake risks as well as macro parameter update.

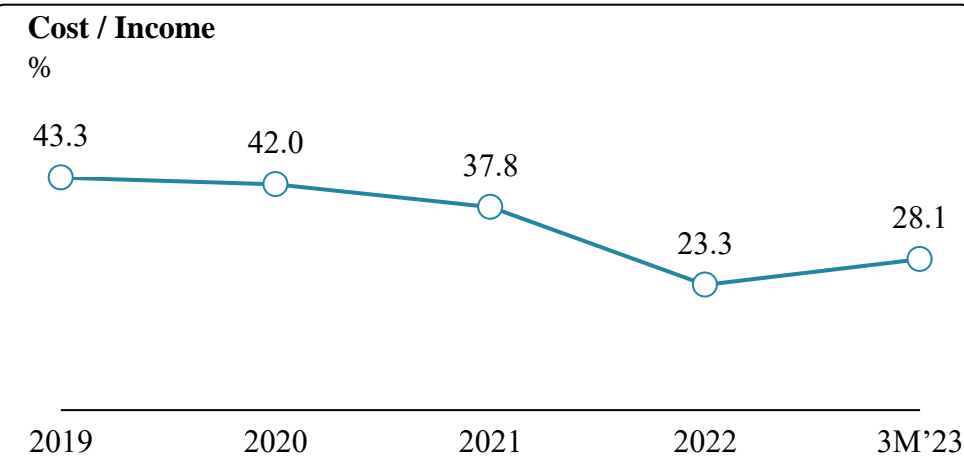


# Expense management, supported by digitalization efforts, remained main focus area given elevated inflation and material TL depreciation & paid-off in the form of a resilient ROE

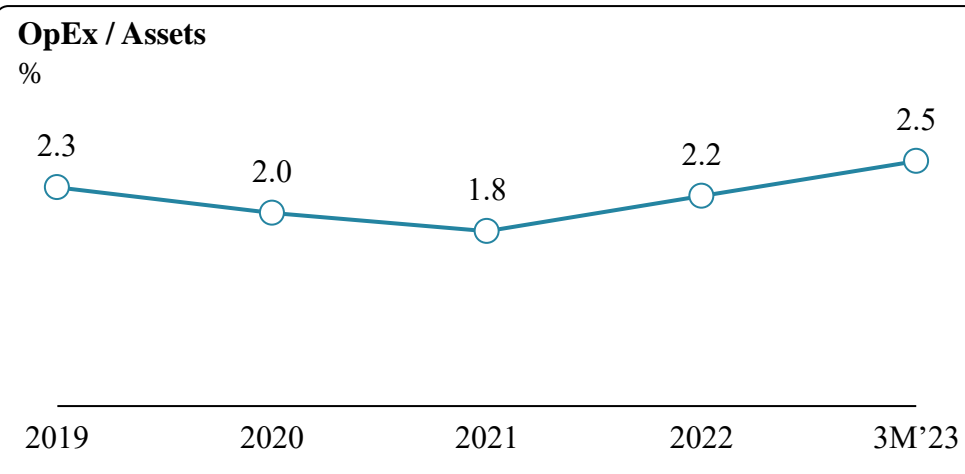
**Q1'23 OPEX was up by 116% due to soaring inflation pressure as well as pass-through impact of material TL depreciation**



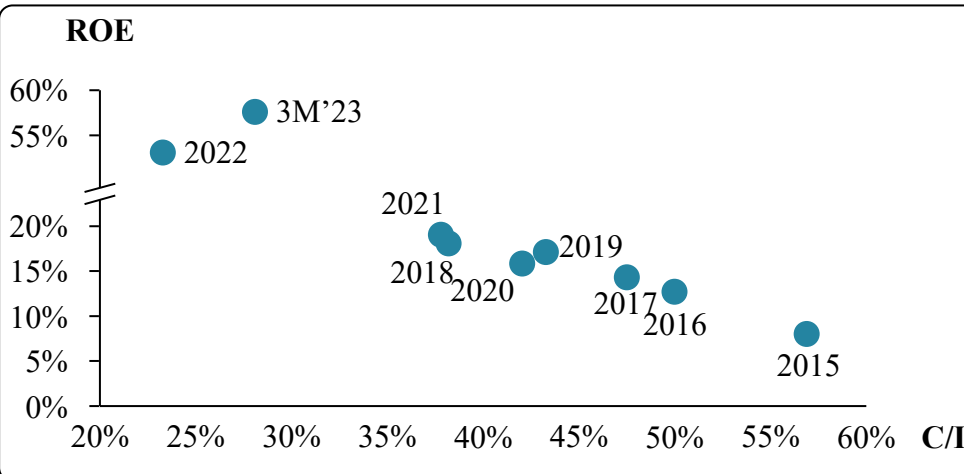
**Nevertheless, robust income kept the cost/income ratio below historical averages**



**Economies of scale improvement built-up over years sustained in a challenging backdrop**



**... contributing positively to the sustainable profitability evolution**



## Key strategies 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 co-branded program) and digital offerings (Digital Affluent Model, enpara.com)
- Cost and ESG will remain key focus areas in wholesale funding strategy
- Focus on **fee generation** and **operating expenses control** as well as continuing **improvement on cost of risk** front

# Sustainability at QNB Finansbank

At QNB Finansbank, we define Sustainability as the delivery of long-term value in financial, environmental, social and ethical terms, for the benefit of our customers, shareholders, employees and community.

- We adapted QNB Group's sustainability framework and set our core pillars as; sustainable finance, sustainable operations and beyond banking
- We are committed to build a better future and being a responsible partner for all stakeholders.
- Our Sustainability roadmap is designed as a transformation journey that we not only initiate but assist to our customers.
- The Sustainability Committee is co-chaired by the CEO and the head of the Sustainability Committee.
- Sustainability Working Groups are established in order to increase synergies among internal teams toward utilization of diverse sustainability related projects.

## QNB Finansbank Sustainable Transformation Roadmap

Clients' Transformation		QNB Finansbank Transformation	
<b>Environmental</b> <i>Carbon Footprint</i>	<b>Green Transformation</b> Climate Change Mitigation and Adaptation Responsible financing, products, services	<b>Operational Transformation</b> Business Continuity Digital Transformation Environmental Impact of Operations Responsible Procurement	
<b>Social</b> <i>Financial Health &amp; Inclusion</i>	<b>Responsible Transformation</b> Customer Experience and Satisfaction Financial Inclusion Financial Literacy	<b>Transformation of Finansçı</b> Talent Attraction Employee Engagement Equal Opportunity, Diversity Social and Community Investment	



# Sustainability at QNB Finansbank

## Our sustainable financing activities focus to deliver value with a purpose;

- Green Social Eligible Loans 47% of the Project Finance Portfolio
- Sustainability linked Funding ~28% of the Wholesale Funding Portfolio\*
- Not lending to new coal thermal power plant and new coal mining investments
- Clean Energy Loans for environmental friendly buildings
- Loans for Electric Vehicles
- Loans to women-led SMEs under the EBRD's Women in Business Programme
- ESG-Linked Syndicated Loan Facility
- ESG-Linked Repo Agreement & Swap Transaction
- QNB Finansbank Clean Energy Index launched at Borsa Istanbul



## We ensure climate friendly & responsible practices across all operations;

- Sourcing electricity consumption from renewable generation
- Decarbonization of Digital Platforms via carbon offsetting
- CDP Reporting – Leadership level at global scale
- Head office building (Kristal Kule) - LEED Silver Certificate
- Scope 1,2&3 GHG operational emissions calculation based on GHG Protocol
- Compliance with ISO 14001 Environmental Management Standards
- Being an Eyeband - Collaboration with BlindLook

## We support equal rights and opportunities for all genders;

- Listed in Bloomberg Gender Equality Index
- Gender Equality Guideline<sup>(1)</sup> with Kadir Has University
- QNB Finansbank's Gender Equality KPI's:
  - Reducing Gender Pay Gap
  - Training programs to promote equality in the workplace
  - Equal distribution of female and male candidates in the recruitment
  - Increasing Women Suppliers
  - Enhancing Child-care back-up Services
  - Increasing Women in Engineering & IT Roles

## We invest in children, Sustainability leaders of tomorrow;

- Tiny Hands Big Dreams
  - Touching the lives of 600,000 children
  - More than 60 projects
  - 4,000 "Volunteer Finansçı"
  - "Climate Protectors are Raising" Project with TEGV
  - Nature Pioneers Youth Programme with WWF Türkiye
  - "Don't Let Your Dreams Be Abandoned" scholarship project with TEV
  - "Success is Everywhere" Project with TED and Republic of Turkey Ministry of National Education

\* Excluding subloan <sup>(1)</sup>Gender Equality Guideline and targets are publicly released in April 2023

# Appendix

A decorative graphic on the right side of the page, consisting of two overlapping, rounded rectangular shapes. The top shape is a dark purple color, and the bottom shape is a lighter, muted purple color. They are positioned to create the illusion of a folded book corner or a layered paper effect.

# BRSA Bank-Only Key Financial Ratios

	Bank only figures	2019 <sup>(1)</sup>	2020 <sup>(1)</sup>	2021	2022	3M'22	3M'23
Profitability	RoAE	17.1%	15.8%	19.0%	53.1%	39.9%	57.6%
	RoAA	1.5%	1.3%	1.4%	3.5%	2.4%	4.3%
	Cost / Income	43.3%	42.0%	37.8%	23.3%	30.0%	28.1%
	NIM after swap expenses	4.5%	4.2%	3.6%	8.6%	5.2%	5.2%
Liquidity	Loans / Deposits <sup>(2)</sup>	101.0%	105.0%	90.1%	86.5%	92.9%	87.5%
	LCR	121.5%	117.4%	145.5%	166.8%	181.0%	177.2%
Asset quality	NPL Ratio	6.9%	6.1%	4.2%	2.5%	3.5%	2.3%
	Cost of Risk	1.8%	1.9%	1.9%	1.8%	1.8%	4.6%
Solvency	CAR	15.7%	16.4%	15.9%	15.1%	16.0%	13.4%
	Tier I Ratio	13.1%	13.7%	12.8%	12.3%	12.8%	10.8%
	Liability/Equity	10.9x	11.8x	16.8x	13.6x	16.2x	13.0x

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

## Income Statement

TL, mn	2019	2020	2021	2022	3M'22	3M'23	ΔYoY
Net Interest Income (After Swap Expenses)	5,863	6,684	7,669	32,665	3,790	6,328	67%
Net Fees & Commissions Income	2,691	2,363	3,391	6,128	1,064	1,964	85%
Trading & Other Income	391	965	2,174	7,006	1,119	5,527	394%
<b>Total Operating Income</b>	<b>8,946</b>	<b>10,012</b>	<b>13,234</b>	<b>45,799</b>	<b>5,973</b>	<b>13,819</b>	<b>131%</b>
Operating Expenses	(3,872)	(4,209)	(5,003)	(10,666)	(1,794)	(3,882)	116%
<b>Net Operating Income</b>	<b>5,074</b>	<b>5,803</b>	<b>8,231</b>	<b>35,133</b>	<b>4,179</b>	<b>9,937</b>	<b>138%</b>
Provisions	(1,894)	(2,544)	(3,241)	(5,450)	(1,087)	(4,478)	312%
Free Provisions	-	-	-	(5,400)	-	(600)	n.m.
<b>Profit Before Tax</b>	<b>3,180</b>	<b>3,259</b>	<b>4,990</b>	<b>24,283</b>	<b>3,092</b>	<b>4,859</b>	<b>57%</b>
Tax Expenses	(558)	(512)	(1,062)	(7,059)	(709)	1,774	-350%
<b>Profit After Tax</b>	<b>2,622</b>	<b>2,747</b>	<b>3,928</b>	<b>17,224</b>	<b>2,383</b>	<b>6,633</b>	<b>178%</b>

## Balance Sheet

TL, mn	2019	2020	2021	2022	3M'23	ΔYtD
Cash & Banks <sup>(2)</sup>	22,643	29,202	85,564	113,652	96,315	-15%
Securities	28,761	34,368	49,960	103,354	119,522	16%
Net Loans	110,683	138,719	200,832	344,957	377,449	9%
Fixed Asset and Investments <sup>(3)</sup>	5,308	5,864	6,689	9,710	13,011	34%
Other Assets	14,286	19,089	28,324	30,082	31,997	6%
<b>Total Assets</b>	<b>181,681</b>	<b>227,243</b>	<b>371,369</b>	<b>601,755</b>	<b>638,294</b>	<b>6%</b>
Deposits	105,626	130,560	226,923	394,284	431,361	9%
Customer Deposits	100,219	125,976	213,946	384,058	421,793	10%
Bank Deposits	5,406	4,583	12,977	10,226	9,568	-6%
Borrowings	42,893	54,892	85,294	108,650	103,976	-4%
Bonds Issued	13,086	13,506	28,389	27,940	21,568	-23%
Funds Borrowed	15,309	20,192	27,032	41,653	45,887	10%
Sub-debt	5,433	6,704	11,853	17,128	17,936	5%
Repo	9,065	14,489	18,020	21,929	18,585	-15%
Other	16,477	22,579	37,009	54,555	53,823	-1%
Equity	16,685	19,212	22,144	44,266	49,134	11%
<b>Total Liabilities &amp; Equity</b>	<b>181,681</b>	<b>227,243</b>	<b>371,369</b>	<b>601,755</b>	<b>638,294</b>	<b>6%</b>

<sup>(1)</sup> IAS-27 equity method consolidation has been implemented as of Q4'21. As 2020 figures have been restated, preceding years' data have not been restated

<sup>(2)</sup> Includes CBRT, banks, interbank, other financial institutions

<sup>(3)</sup> Including subsidiaries

## BRSA Consolidated Key Financial Ratios

	Bank only figures	2019	2020	2021	2022	3M'22	3M'23
<b>Profitability</b>	RoAE	18.4%	15.8%	18.9%	53.0%	39.9%	57.6%
	RoAA	1.6%	1.3%	1.4%	3.4%	2.3%	4.2%
	Cost / Income	42.7%	42.4%	38.0%	23.9%	30.7%	30.3%
	NIM after swap expenses	4.5%	4.3%	3.7%	8.7%	5.2%	5.5%
<b>Liquidity</b>	Loans / Deposits <sup>(1)</sup>	105.6%	110.1%	91.7%	91.6%	97.7%	91.6%
	LCR	119.5%	114.2%	144.1%	159.8%	175.1%	171.9%
<b>Asset quality</b>	NPL Ratio	7.0%	6.0%	4.2%	2.5%	3.5%	2.3%
	Cost of Risk	1.8%	1.9%	1.9%	1.8%	1.8%	4.3%
<b>Solvency</b>	CAR	15.2%	15.8%	15.2%	14.5%	15.3%	12.8%
	Tier I Ratio	12.7%	13.1%	12.2%	11.6%	12.2%	10.3%
	Liability/Equity	11.2x	12.2x	17.3x	14.0x	16.7x	13.4x

# QNB Finansbank BRSA Consolidated Summary Financials

## Income Statement

TL, mn	2019	2020	2021	2022	3M'22	3M'23	ΔYoY
Net Interest Income (After Swap Expenses)	6,121	7,103	8,150	33,836	3,958	6,937	75%
Net Fees & Commissions Income	2,824	2,601	3,682	6,689	1,173	2,400	105%
Trading & Other Income	618	799	2,068	6,373	1,041	5,188	398%
<b>Total Operating Income</b>	<b>9,562</b>	<b>10,503</b>	<b>13,900</b>	<b>46,898</b>	<b>6,172</b>	<b>14,525</b>	<b>135%</b>
Operating Expenses	(4,079)	(4,451)	(5,278)	(11,207)	(1,896)	(4,395)	132%
<b>Net Operating Income</b>	<b>5,483</b>	<b>6,053</b>	<b>8,622</b>	<b>35,690</b>	<b>4,276</b>	<b>10,129</b>	<b>137%</b>
Provisions	(1,994)	(2,672)	(3,487)	(5,636)	(1,116)	(4,458)	300%
Free Provisions	-	-	-	(5,400)	-	(600)	n.m.
<b>Profit Before Tax</b>	<b>3,489</b>	<b>3,381</b>	<b>5,135</b>	<b>24,654</b>	<b>3,160</b>	<b>5,071</b>	<b>61%</b>
Tax Expenses	(625)	(626)	(1,227)	(7,428)	(776)	1,561	301%
<b>Profit After Tax</b>	<b>2,865</b>	<b>2,755</b>	<b>3,908</b>	<b>17,226</b>	<b>2,384</b>	<b>6,633</b>	<b>178%</b>

## Balance Sheet

TL, mn	2019	2020	2021	2022	3M'23	ΔYtD
Cash & Banks <sup>(1)</sup>	23,072	29,661	86,263	114,128	98,352	-14%
Securities	28,809	34,430	50,090	103,820	120,774	16%
Net Loans <sup>(2)</sup>	116,749	146,449	212,565	363,105	395,591	9%
Fixed Asset and Investments	4,058	4,248	4,613	6,308	8,556	36%
Other Assets	14,838	20,232	30,318	33,784	36,604	8%
<b>Total Assets</b>	<b>187,526</b>	<b>235,020</b>	<b>383,849</b>	<b>621,144</b>	<b>659,877</b>	<b>6%</b>
Deposits	105,500	130,275	225,877	392,763	429,396	9%
Customer Deposits	100,094	125,692	212,900	382,537	419,828	10%
Bank Deposits	5,406	4,583	12,977	10,226	9,568	-6%
Borrowings	48,352	62,320	97,098	127,441	123,585	-3%
Bonds Issued	14,352	14,724	29,803	32,017	23,917	-25%
Funds Borrowed	19,419	25,897	37,252	55,217	61,352	11%
Sub-debt	5,433	6,704	11,853	17,128	17,936	5%
Repo	9,149	14,995	18,191	23,079	20,381	-12%
Other	16,908	23,184	38,722	56,664	57,751	2%
Equity	16,765	19,241	22,152	44,276	49,145	11%
<b>Total Liabilities &amp; Equity</b>	<b>187,526</b>	<b>235,020</b>	<b>383,849</b>	<b>621,144</b>	<b>659,877</b>	<b>6%</b>

## Board of Directors

Name	Position	Background
Dr. Ömer A. Aras	Chairperson and QNB Finansbank Group CEO	Founding member of Finansbank Former CEO of Finansbank for 6 years Vice President of the High Advisory Council of TUSIAD, member of the Higher Advisory Board of Darüşşafaka Cemiyeti and Board of Trustees of Boğazici University Foundation
Yousef Mahmoud H N Al-Neama	Vice Chairperson	Group Chief Business Officer at QNB Q.P.S.C. Serves as VP of HBTF in Jordan and Bank Mansour in Iraq and Board member at QNB Capital Previously worked at Group Corp., Institutional Banking & International Banking of QNB and Doha Bank
Temel Güzeloglu	Member of the BoD	Former CEO of QNB Finansbank Experience at Unilever, Citibank, McKinsey & Co.
Osman Ömür Tan	Member of the BoD and QNB Finansbank CEO	Former EVP of Corporate and Commercial Banking Experience at Yapı Kredi Bank Holds Board Auditor membership at Banks' Association of Turkey and Board membership at QNB Finansbank subsidiaries
Yeşim Gura (*)	Member of the BoD	Serves as IFC nominee director on the Board for Acibadem City Clinic BV, based in Amsterdam for Hospital Operations in the Balkans, an Independent Board Director for Pinar Dairy Products, and an Independent Board Director for Altın Yunus Cesme Tourism Company in Turkey, International Advisor to the European Bank for Reconstruction and Development (EBRD), Business Coach under European Innovation Council (EIC), Strategic Advisor to CEOs and Boards, Qualified Risk Director® and Regional Director of DCRO (Directors and Chief Risk Officers) Institute for Belgium and Turkey, Supervisory Board of DCRO Institute in the USA, as a Board member of Board Members Association in Turkey and a member of the Global Deans Council of Kelley School of Business, USA Experience at P&G, Danone, Draeger in the fields of Consumer Goods, Food and Beverage, Life Sciences and lately in Technology.
Adel Ali M A Al-Malki	Member of the BoD	General Manager - Group Information Technology Holds board membership at Egypt's QNB Al Ahli and in the Group's subsidiaries, including Al-Mansour Investment Bank in Iraq Previously worked at Development and User Services, E-Business & System Analyst of QNB
Ramzi T. A. Mari	Member of the BoD and Member of the Audit Committee	QNB Group Chief Financial Officer Holds board membership at Housing Bank for Trade and Finance (Jordan) and QNB Capital LLC
Noor Mohd J. A. Al-Naimi	Member of the BoD and Member of the Audit Committee	QNB General Manager Group Treasury Previously held positions in Treasury Operations Trading & Investment Assistant General Manager
Fatma Abdulla S S Al-Suwaidi	Member of the BoD	QNB Group Chief Risk Officer Serves as President Commissioner of QNB Indonesia
Saleh Nofal (**)	Member of the BoD and Chairperson of the Audit Committee	QNB Group Chief Compliance Officer Member of the Association of Certified Fraud Examiners (ACFE), Association of Certified Anti-Money Laundering Specialists (ACAMS) and Institute of Internal Auditors (IIA), MENA Financial Crime Compliance Group (FCCG) in partnership with the Union of Arab Banks Previously worked with the Arab Bank Group, Jordan Ahli Bank, the Arab World Auditing Bureau and a Jordanian Public Accountancy Firm
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 Holds board membership at TMA Turkey and Bank Examiners Foundation

# Disclaimer

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