QNB Finansbank
Q3'23 Earnings Presentation

Based on BRSA Unconsolidated Financial Statements
October 2023

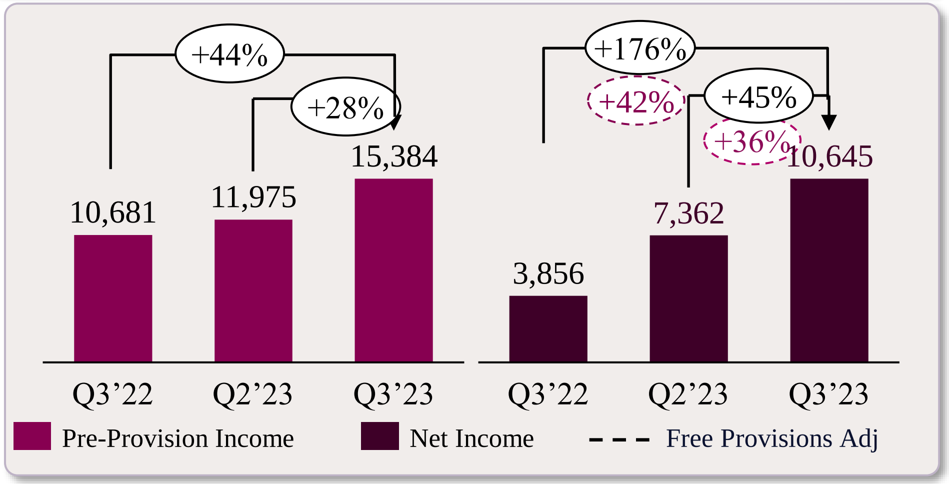
Period Highlights

- ✓ Q3'23 net profit was up by 45% QoQ at TL 10,645 million, pointing to an exceptional Q3'23 ROE of 69.7%.
- ✓ NII growth of 139% QoQ was mainly stemmed from NIM expansion: TL spreads swiftly recovered with CBRT's shift to orthodox policies, while CPI linkers' contribution increased.
- ✓ F&C once again recorded an eye-catching growth of 90% QoQ on the back of higher transactions volumes and prices in payment systems in line with higher policy rates.
- ✓ Though decelerated on a quarterly basis, loan growth remained relatively solid at 10%[(1)] QoQ and 46% YtD, while Customer Deposits, as the major source of funding, fared relatively parallel to loans with a growth of 7%[(1)] QoQ and 40% YtD in the same period.
- ✓ NPL ratio continued to improve on the back of strong collection performance, limited NPL additions and resilient denominator growth, while prudent provisioning stance were maintained across the board at all stages. As of the end of the period, NPL ratio realized at 1.6% (1.8% - adjusted for NPL sale in Q3).
- ✓ Securities portfolio posted a robust growth of 22% in Q3'23, carrying YtD growth to 42%. As this growth was mainly stemmed from TL securities, floating or indexed securities accounted for 81% of TL portfolio. On the other hand, CPI linkers, which have offered hedge against inflation, accounted for 58% of the portfolio.
- ✓ Operating expenses remained main focus area given elevated inflation level, as continued shift to digitalization helped to contain expenses. Even with soaring inflation and material TL depreciation, Cost/Income ratio came below the historical averages at 24% in Q3'23, on the back of solid income performance. Fees alone more than covered OPEX in Q3'23.
- ✓ CAR of 15.2% and Tier 1 of 12.4% point to comfortable buffers over minimum requirements, while TL 5.4 bn free provision stock provides an additional buffer on all ratios.

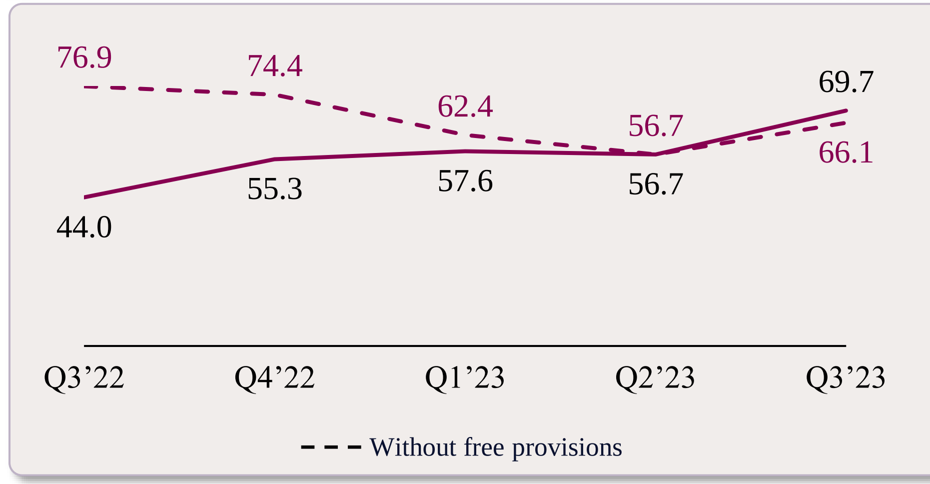
[(1)] BRSA Weekly Banking Sector data compared vis-a-vis QNBFB data as of 29 September 2023.

Robust ROE sustained thanks to resilient operating performance, which has been safeguarded with conservative buffers

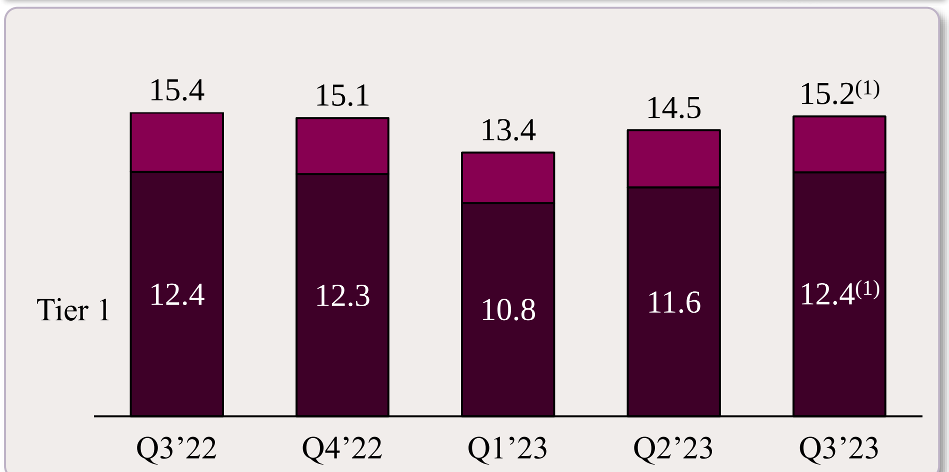
Pre-Provision Income & Net Income (TL mn)



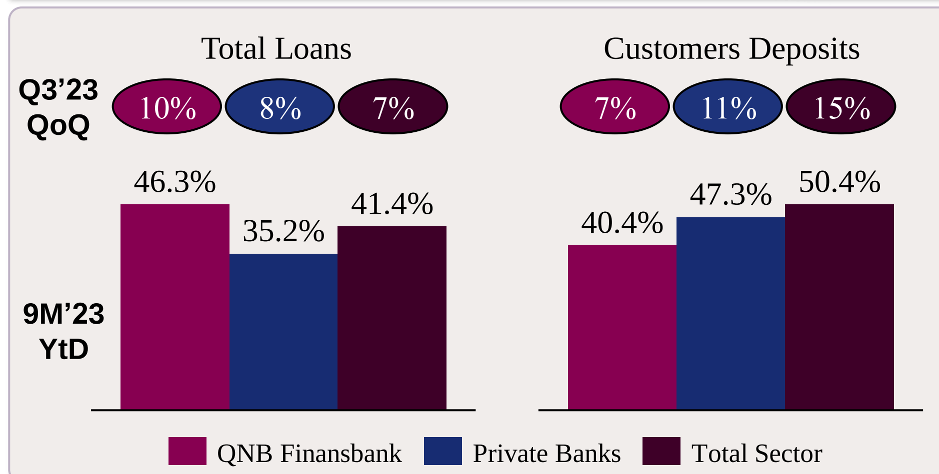
Quarterly RoAE (%)



CAR (%)



Total Loans & Deposits Growth[2] (%)

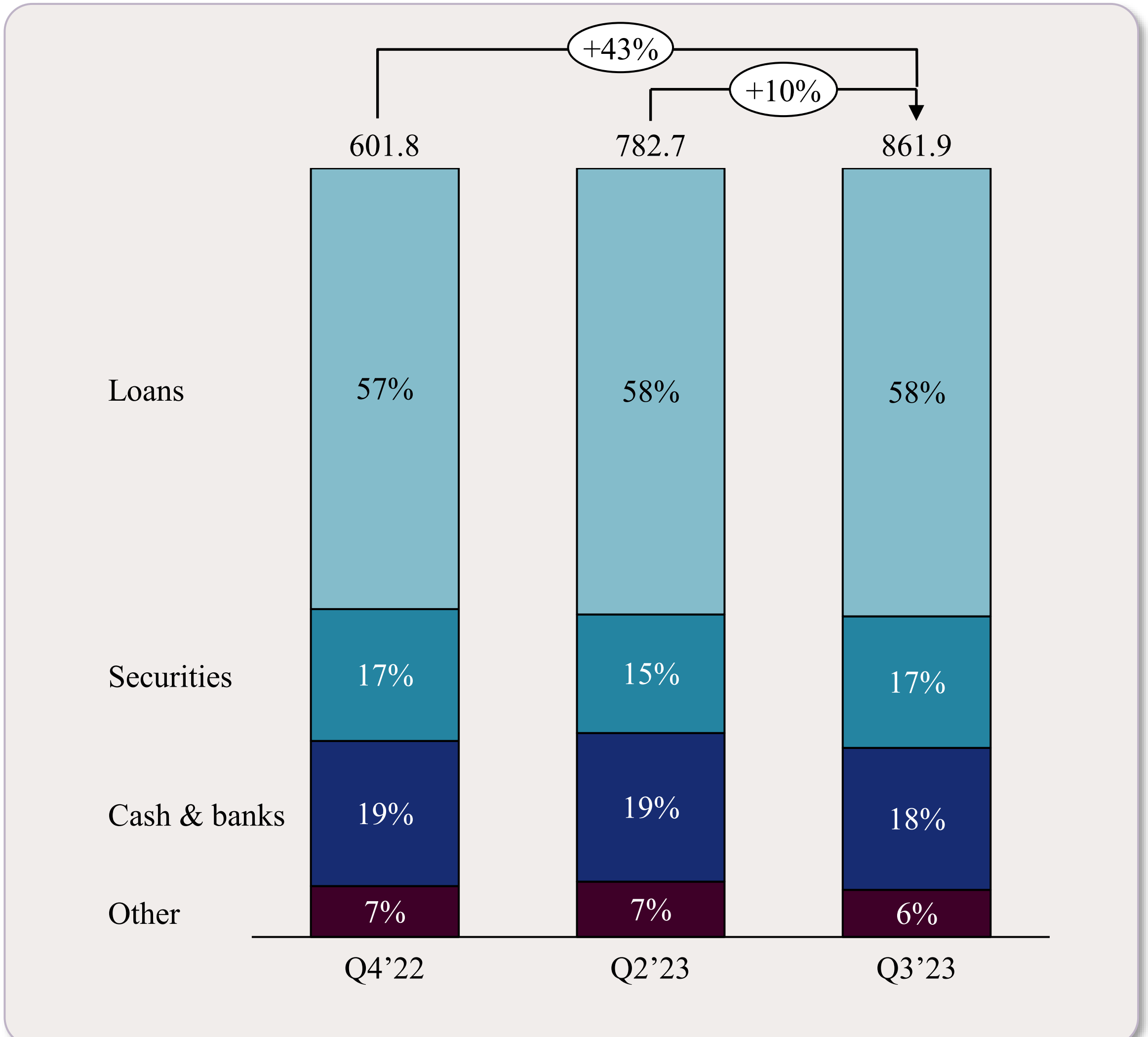


(1) Without BRSA's temporary forbearance measures: CAR: 13.8%, Tier 1: 11.1%.
Including free provision stock of TL 5.4 bn within capital as well: CAR: 14.6%, Tier 1: 11.9%

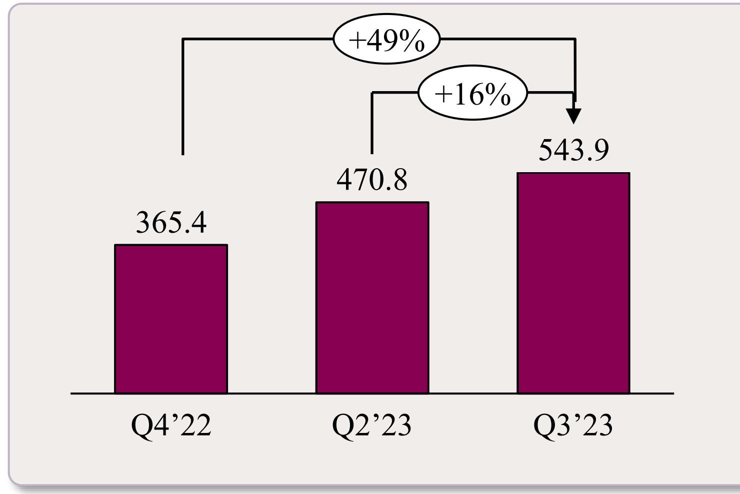
(2) BRSA Weekly Banking Sector data compared vis-a-vis QNBFB data as of 29 September 2023

Well-balanced asset base grew by 43% YtD, reaching TL 862 bn, as net loans accounted for 58% of assets, reflecting Bank's commitment to support the economy

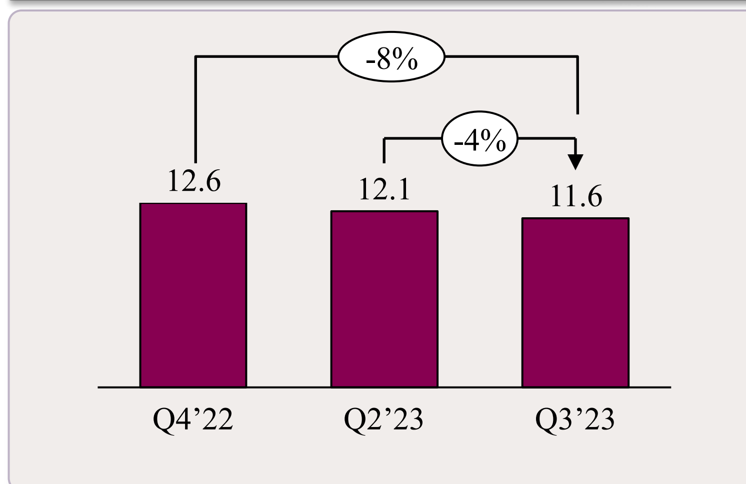
Total Assets (TL bn)



TL Assets (TL bn)



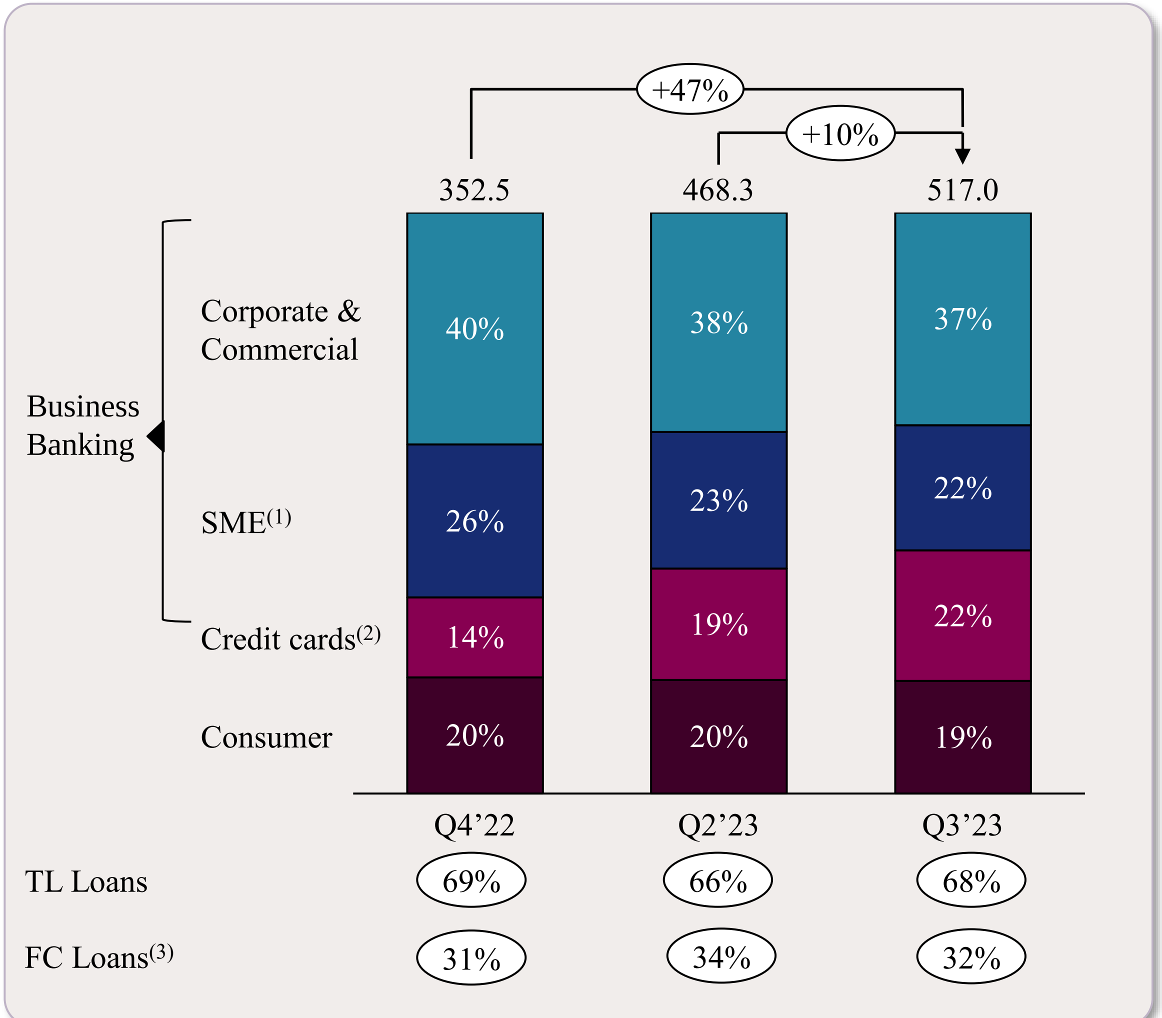
FC Assets(1) (USD bn)



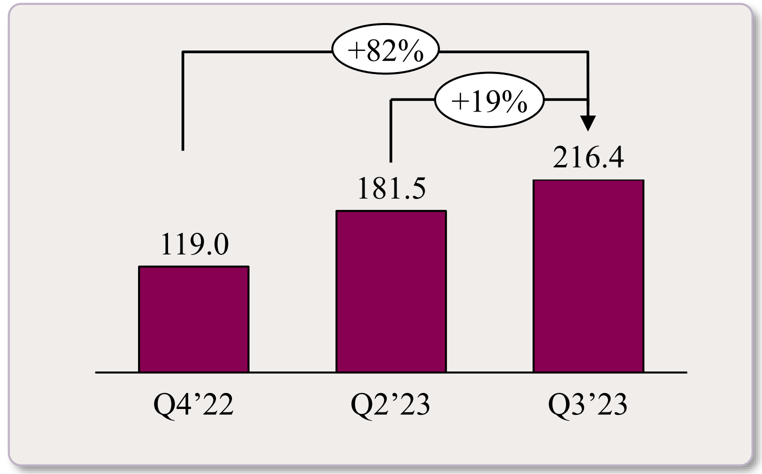
(1) FC-indexed TL loans are shown in FC assets

Loan growth decelerates parallel to tighter monetary policy, as Retail lending remained relatively stronger

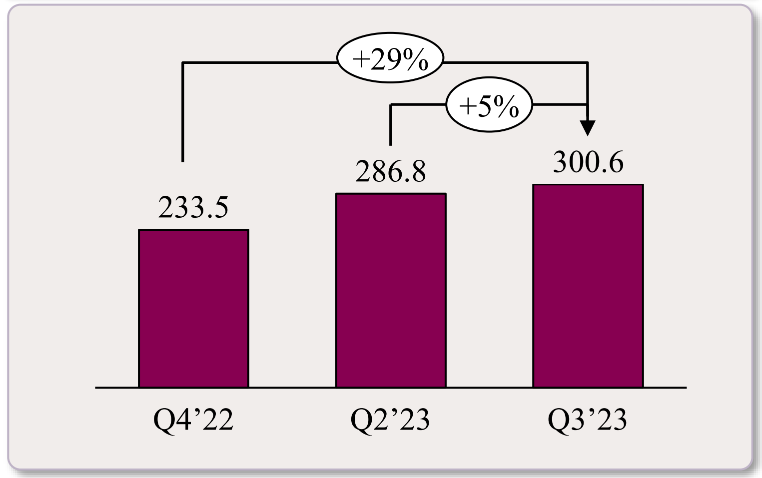
Performing Loans by Segment and Currency (TL bn)



Retail Loans (TL bn)

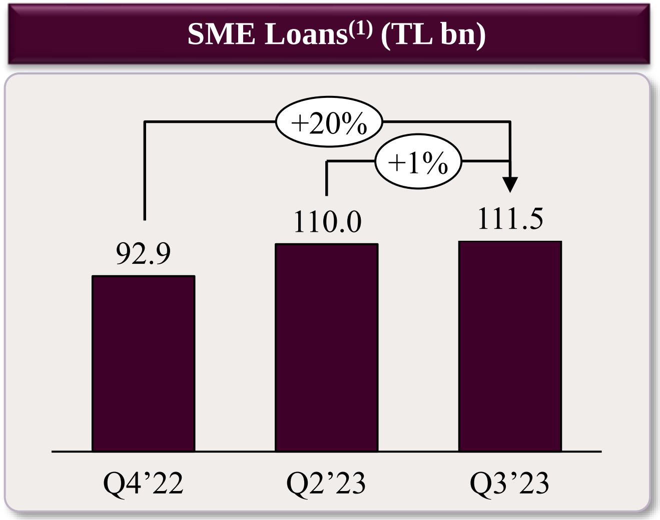


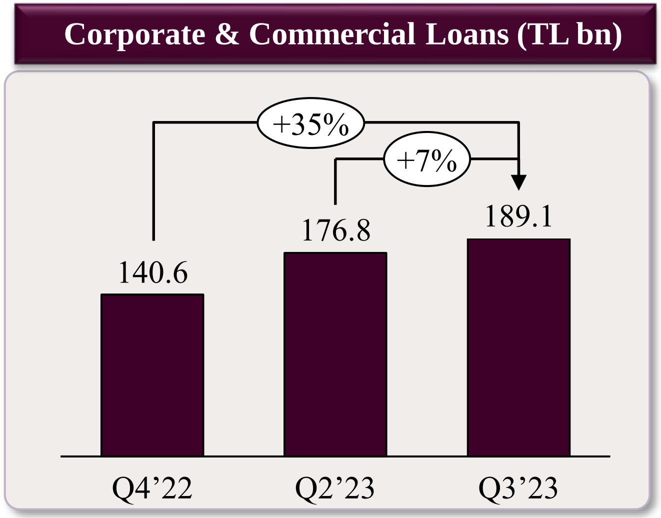
Business Loans (TL bn)

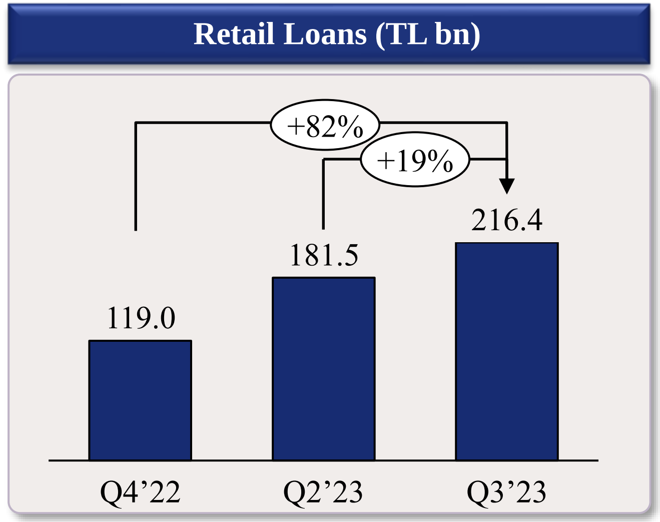


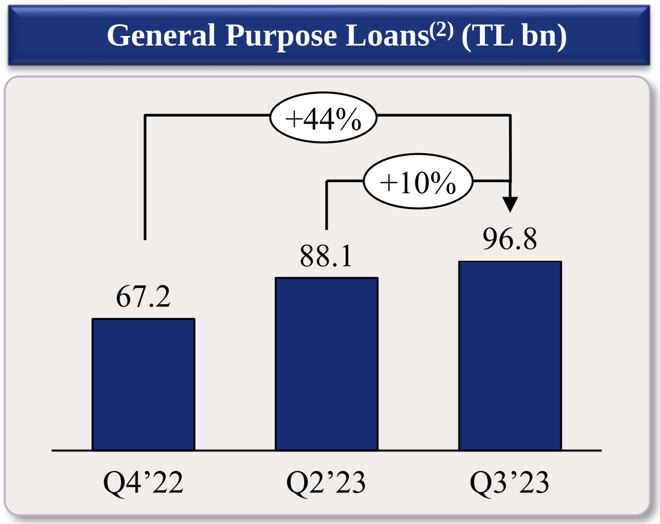
(1) Based on BRSA segment definition
(2) Excluding commercial credit cards
(3) FC-indexed TL loans are shown in FC loans

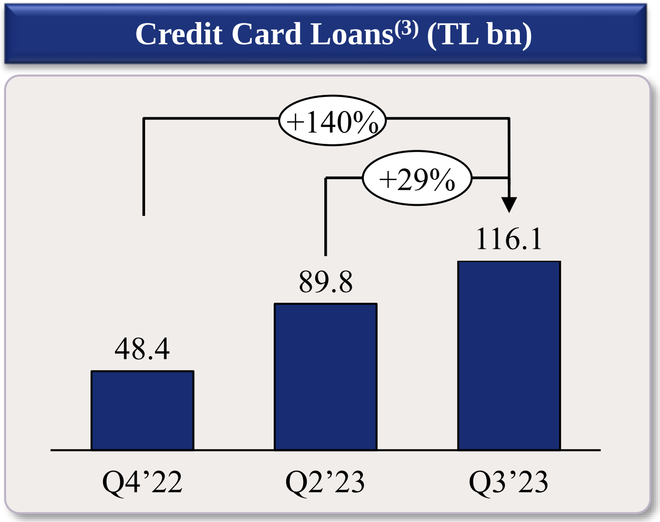
Growth in Business Banking was limited, while Retail Lending stemmed from Credit Cards and GPLs

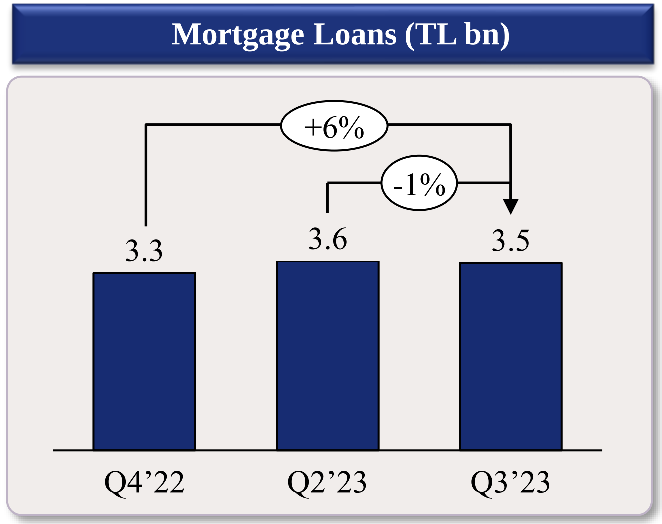












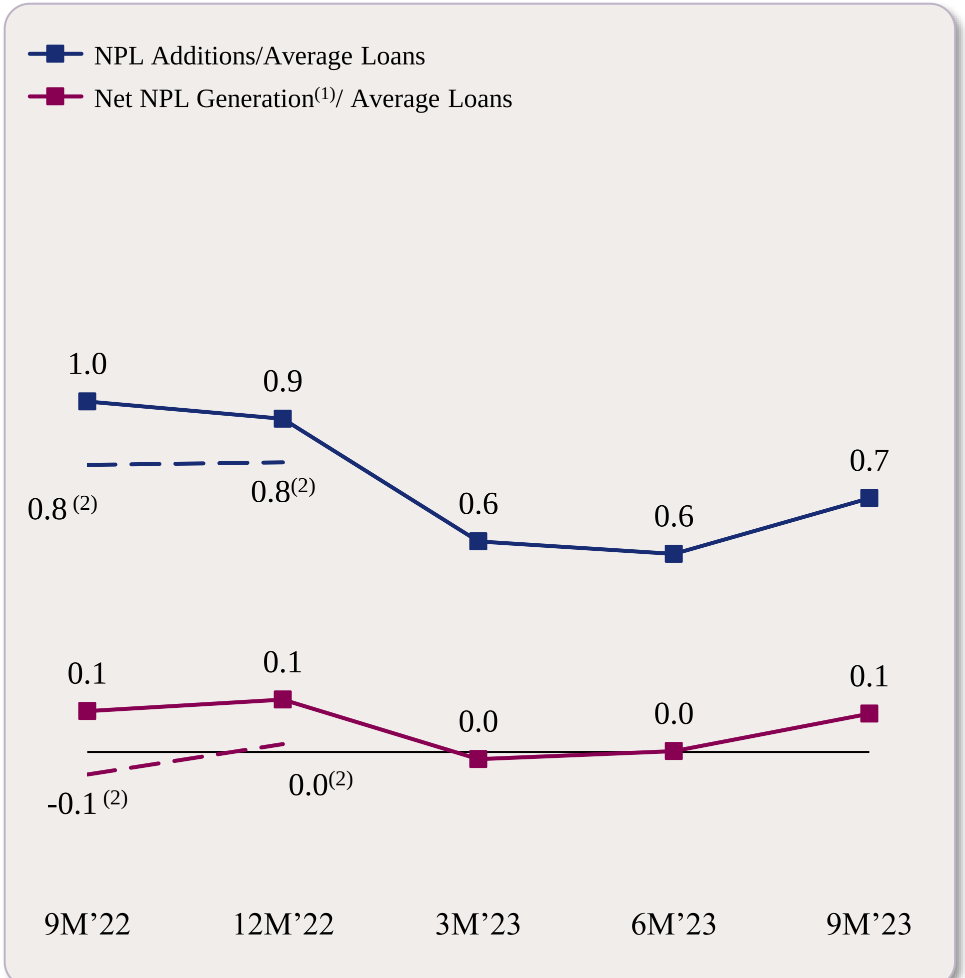
Business banking

Retail banking

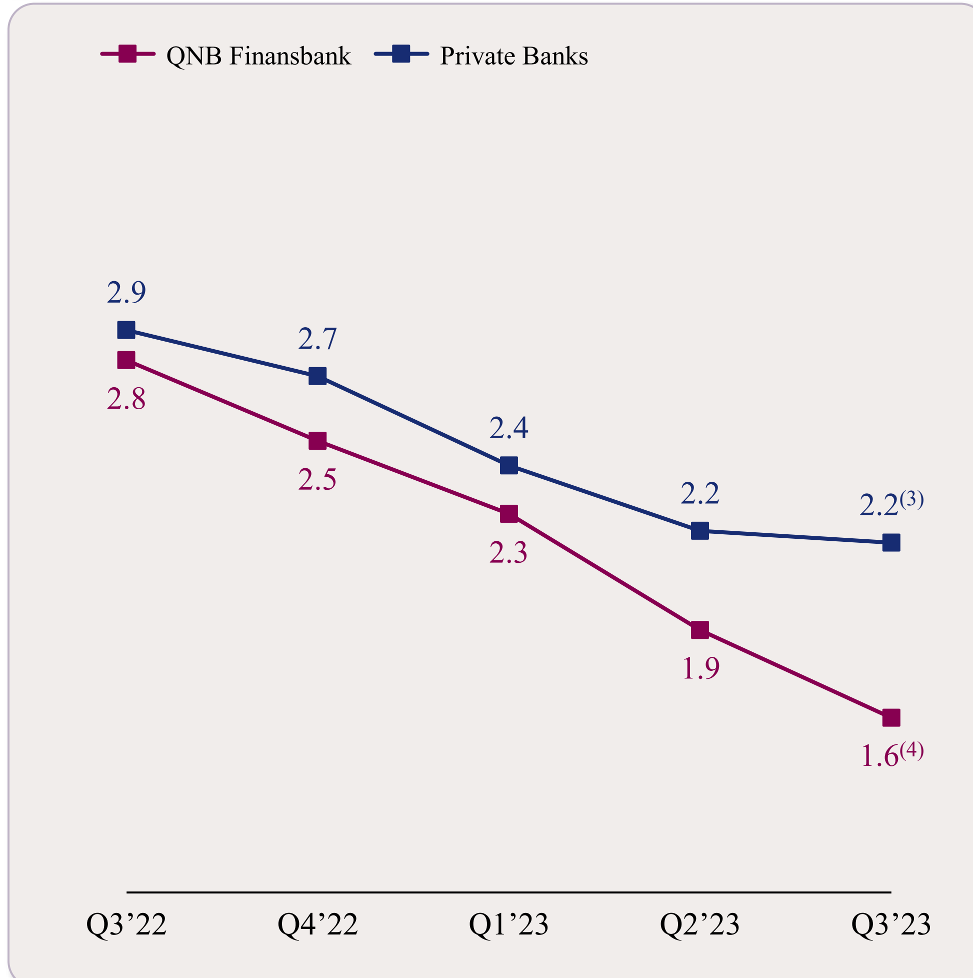
(1) Based on BRSA segment definition
(2) Including overdraft loans
(3) Solely represents credit cards by individuals

Strong collections once again led to muted net NPL generation, as NPL ratio adjusted for the NPL sale in Q3 continued to improve beyond private banks

NPL Additions / Average Loans (%)



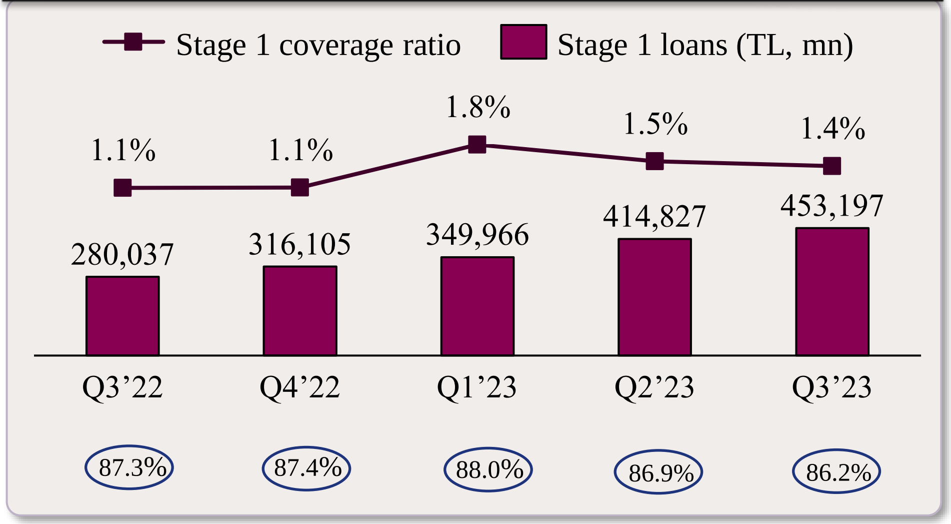
NPL Ratio (%)



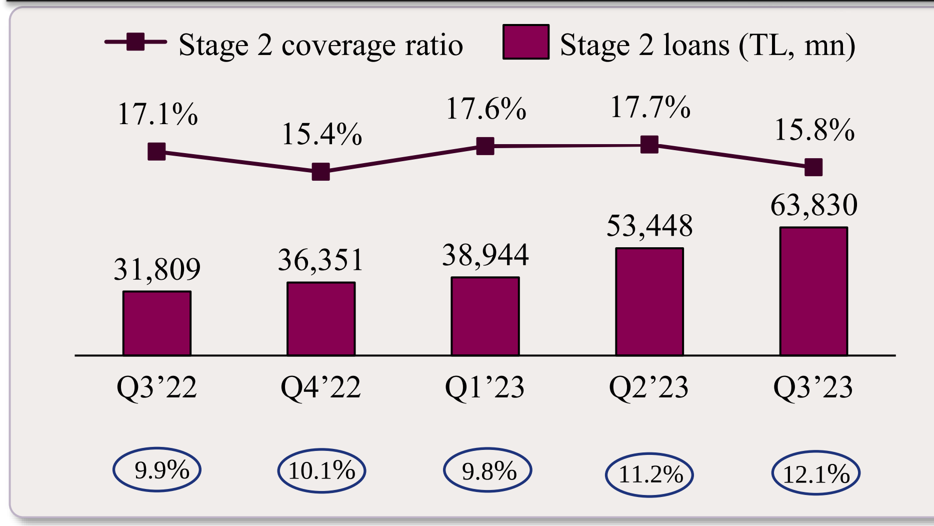
(1) Net NPL Generation = NPL Additions - NPL Collections
(2) Adjusted for write-off of LYY loan following the sale of TTKOM shares to TWF
(3) BRSA monthly banking sector data for private banks for August 2023
(4) Adjusted for TL 908 mn NPL sale in Q3'23, NPL ratio stood at 1.8% as of the end of Q3.

Conservative provisioning stance and staging policies maintained

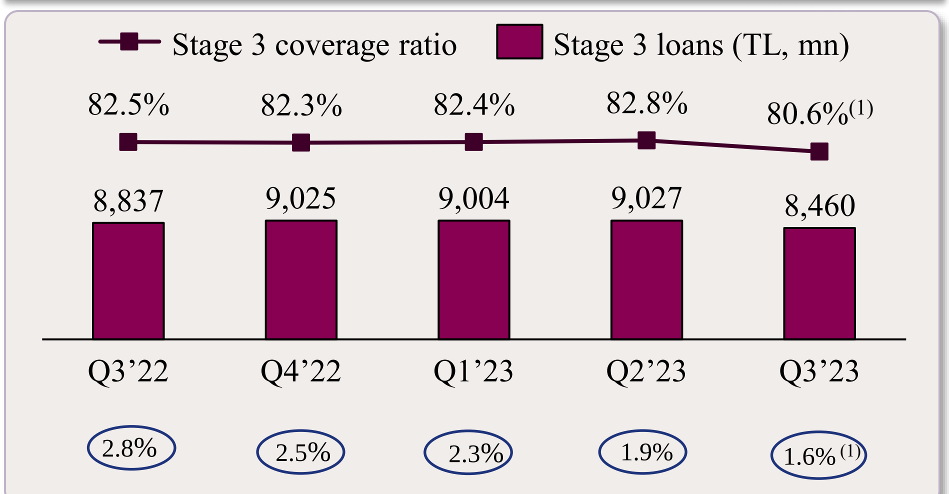
Stage 1 Loans & Coverage



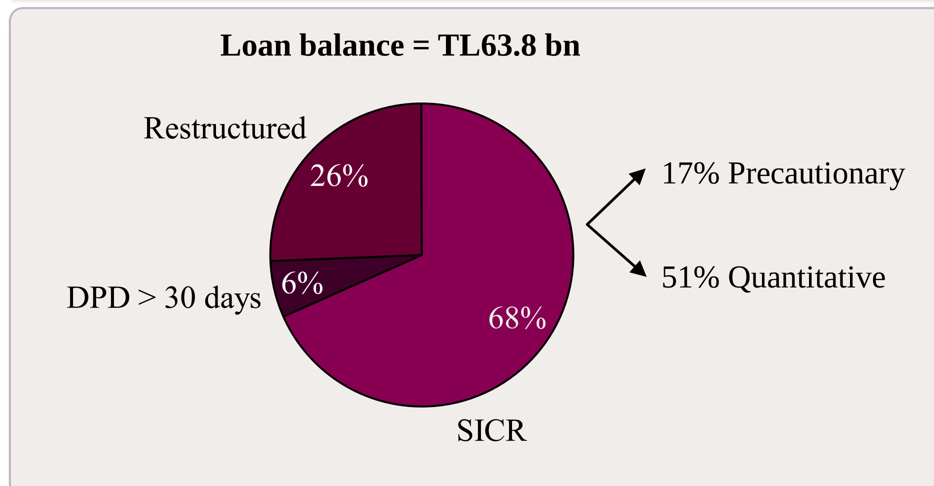
Stage 2 Loans & Coverage



Stage 3 Loans & Coverage



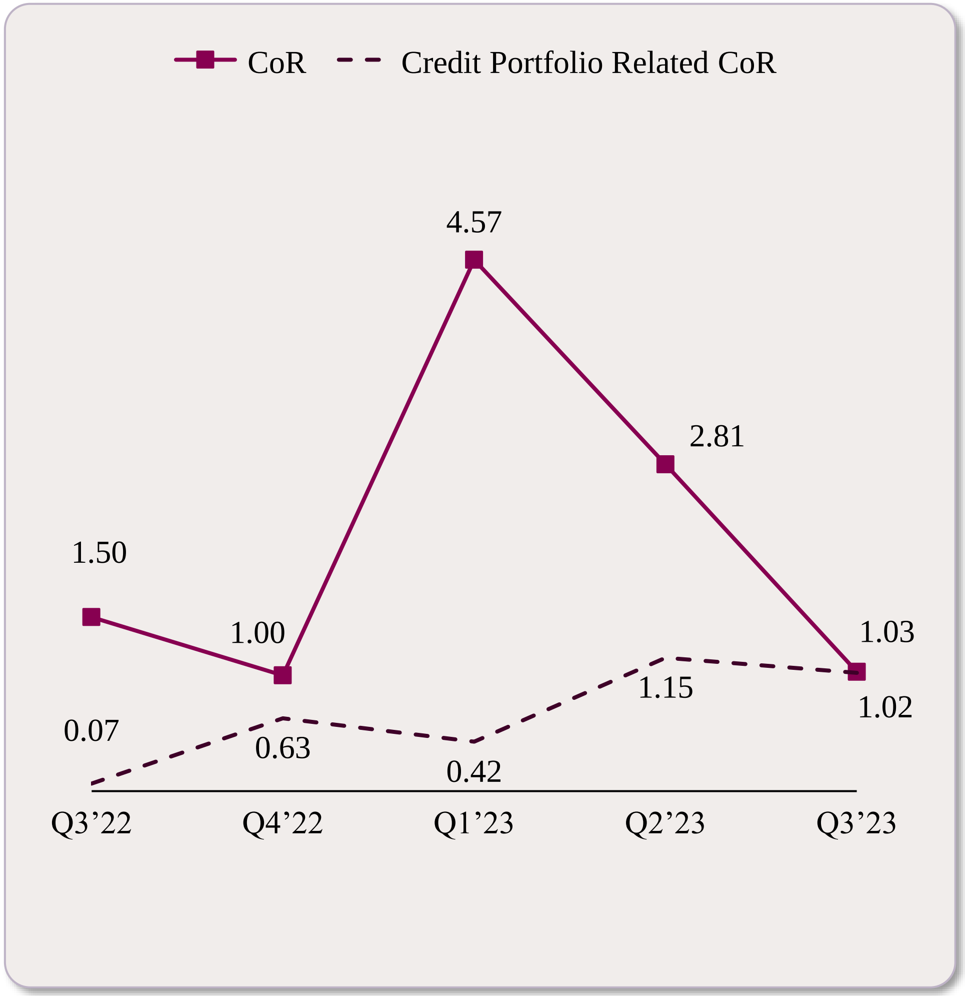
Stage 2 Composition



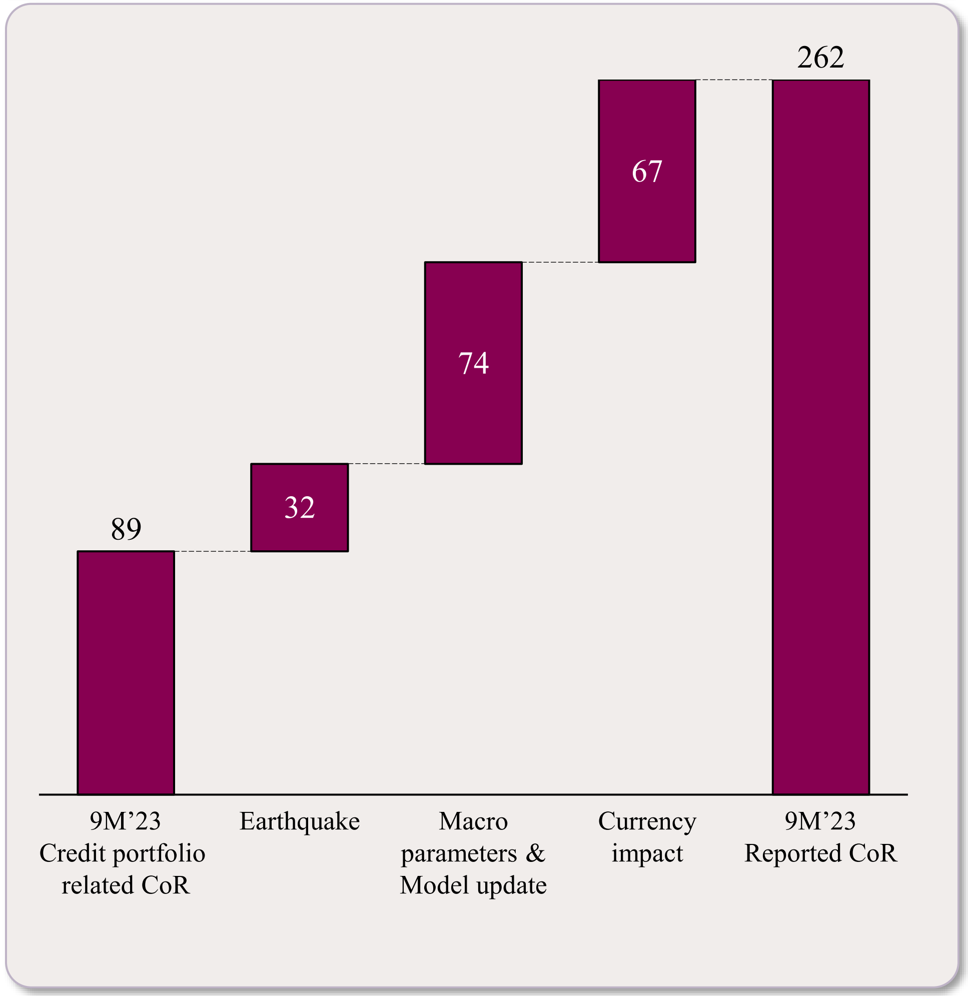
(1) Adjusted for TL 908 mn NPL sale in the quarter, Q3'23 NPL ratio stood at 1.8%, while Stage 3 Coverage Ratio realized at 82.5%.

Reported CoR incorporates prudent macro overlay for potential earthquake and macro risks, as credit related portion mainly increased on the back of loan growth and conservative coverages at all stages

Quarterly Cost of Risk (%)



9M’23 CoR Breakdown (bps)



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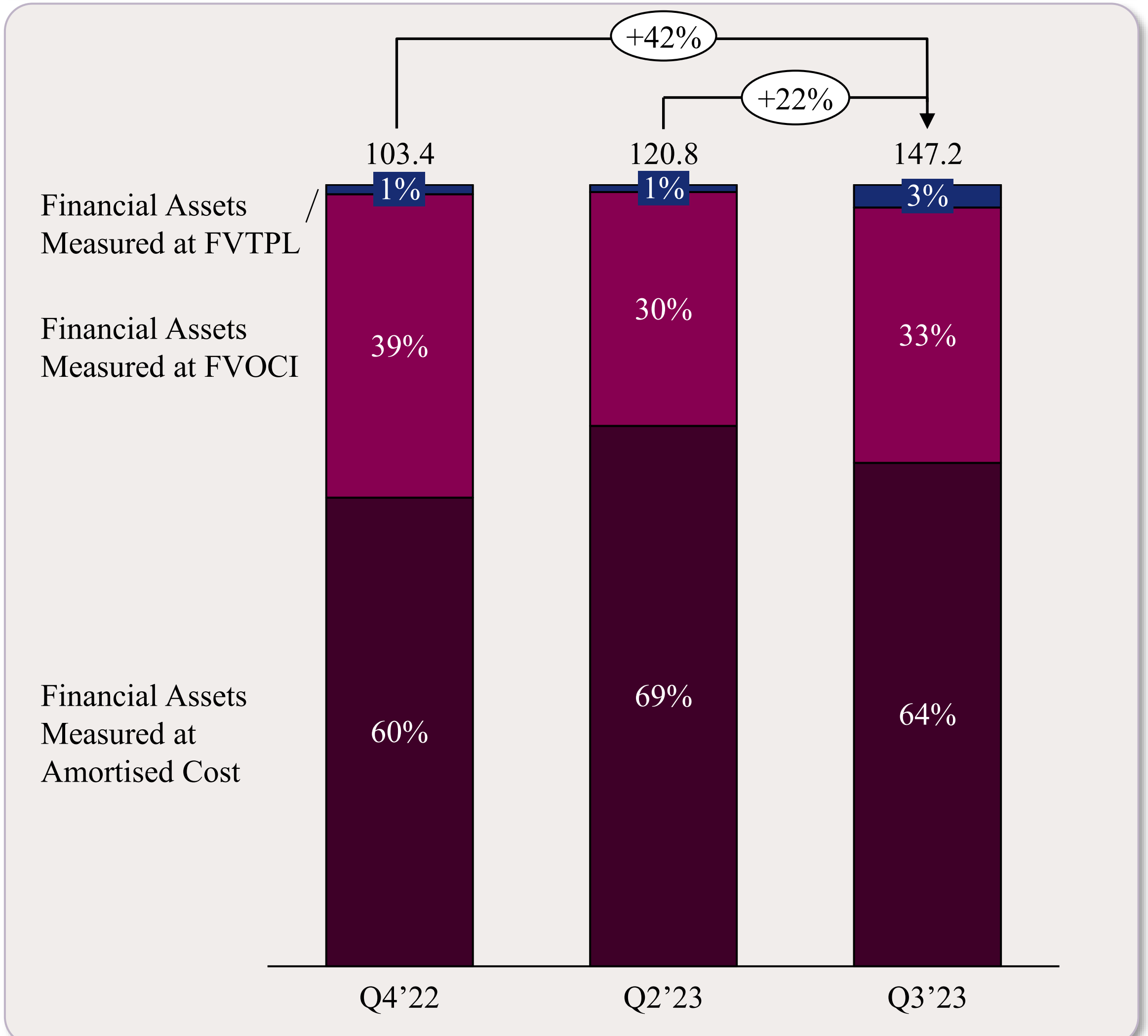
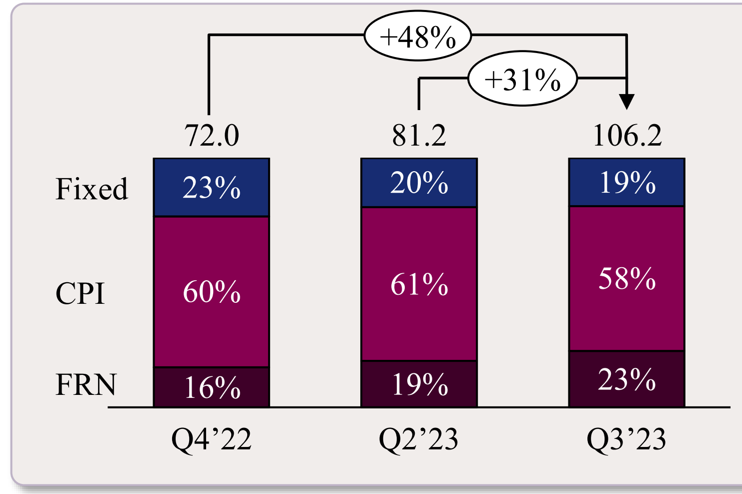
22% QoQ and 42%YtD growth in securities portfolio: CPI linkers & FRNs collectively accounted for 81% of TL portfolio

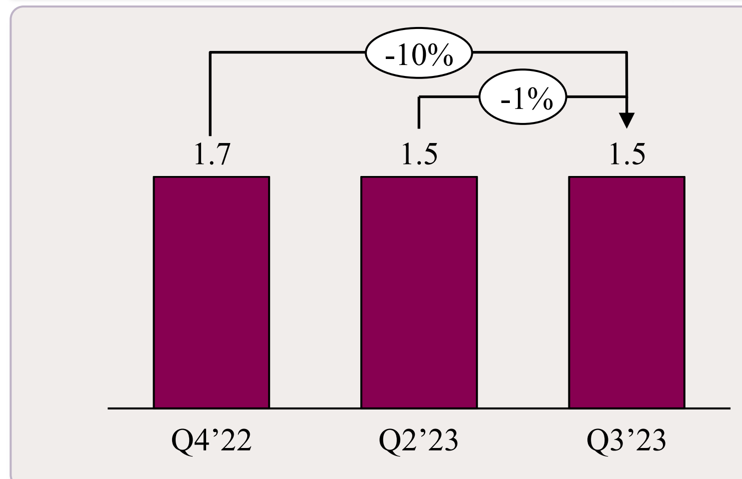
Total Securities (TL bn)



TL Securities (TL bn)

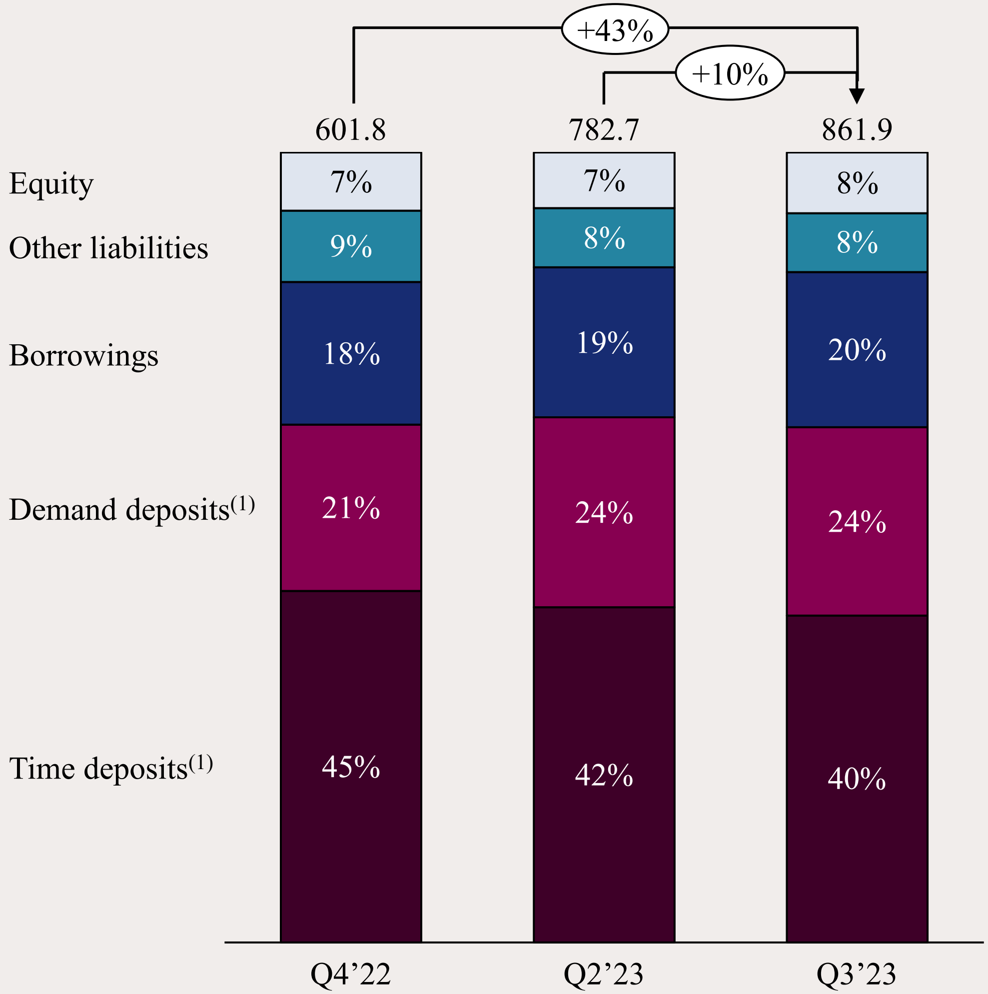


FC Securities (USD bn)

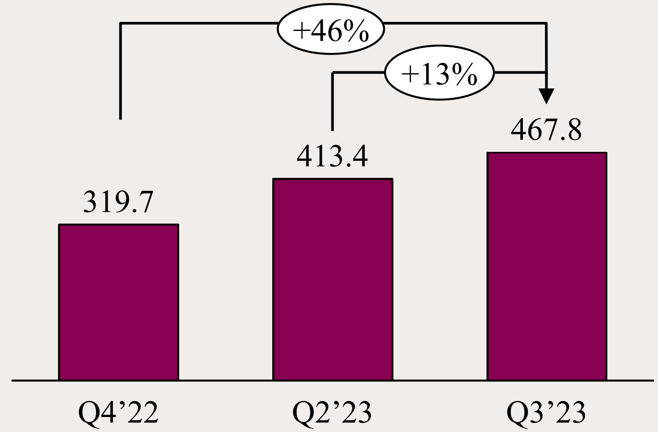


Well-diversified & disciplined funding mix maintained with a continuous preference for TL funding

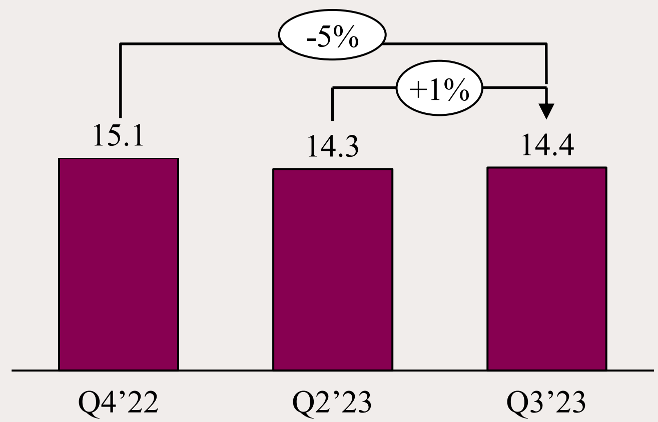
Total Liabilities (TL bn)



TL Liabilities (TL bn)



FC Liabilities (USD bn)



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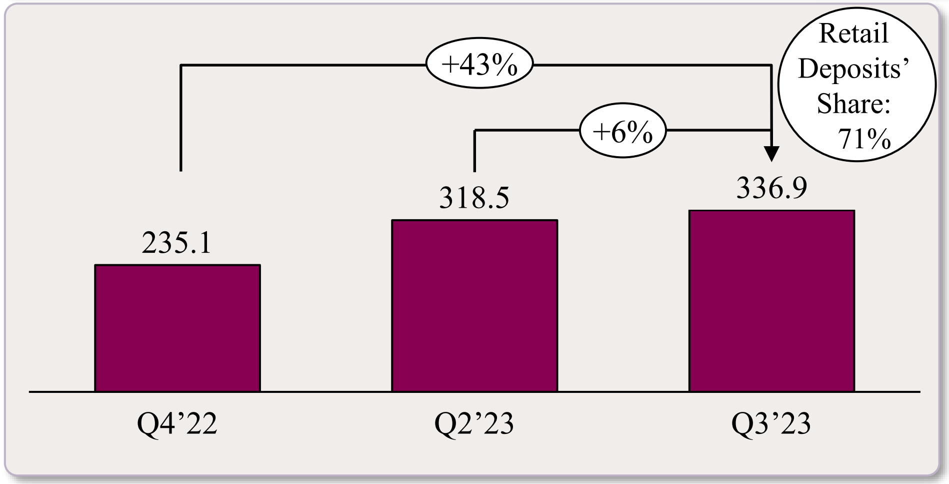
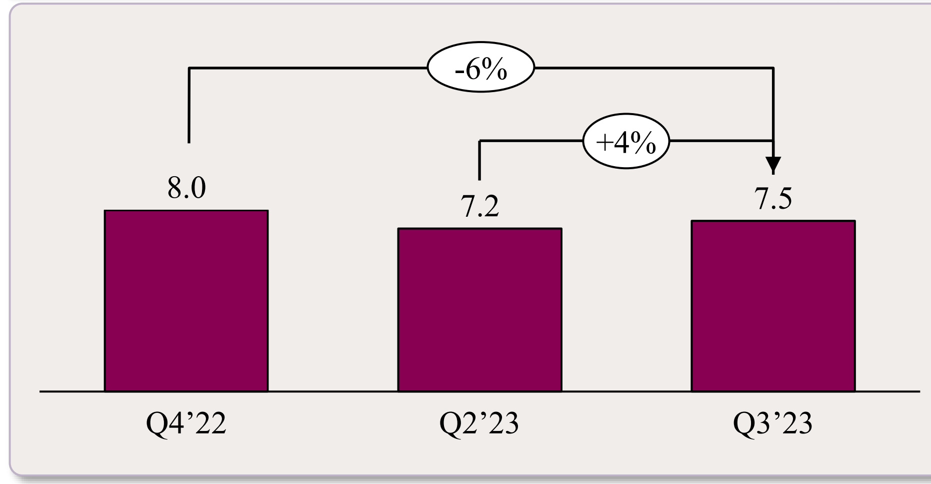
(1) Includes bank deposits

Early attainment of conversion targets from FC-protected deposits upheld TL growth, as high contribution from demand deposits in a high rate environment was eye-catching

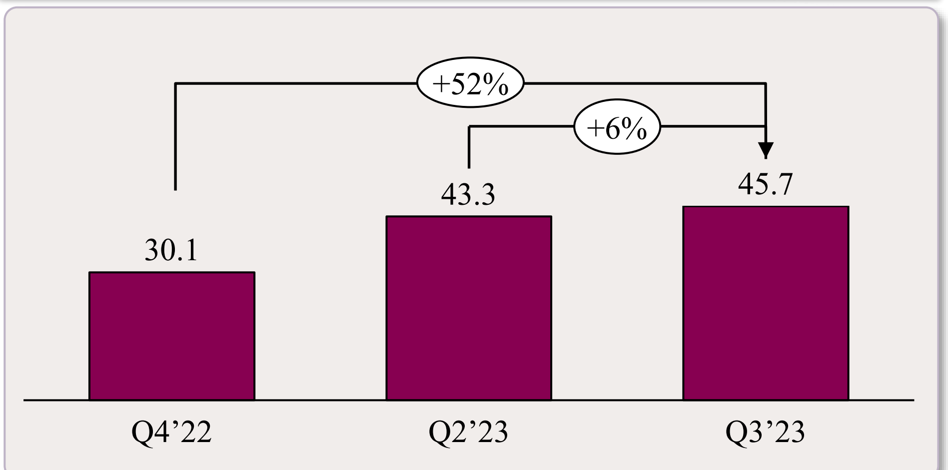
TL Customer Deposits (TL bn)



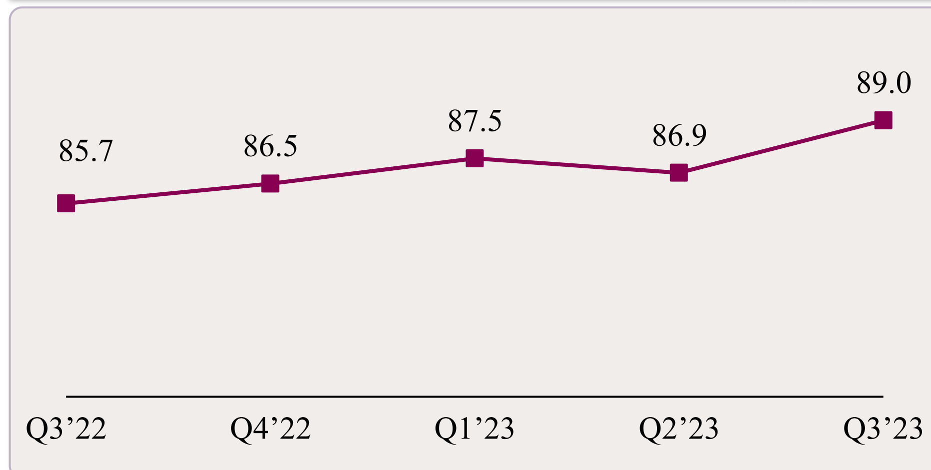
FC Customer Deposits (USD bn)



TL Customer Demand Deposits (TL bn, aop)



Loan-to-deposit-ratio[1] (%)



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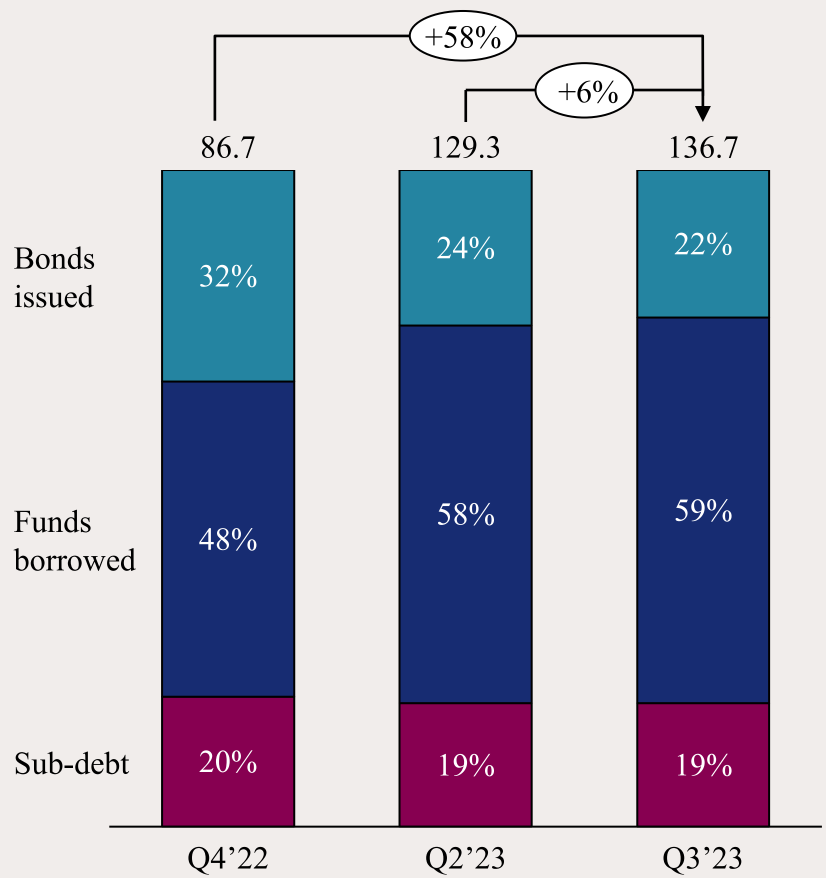
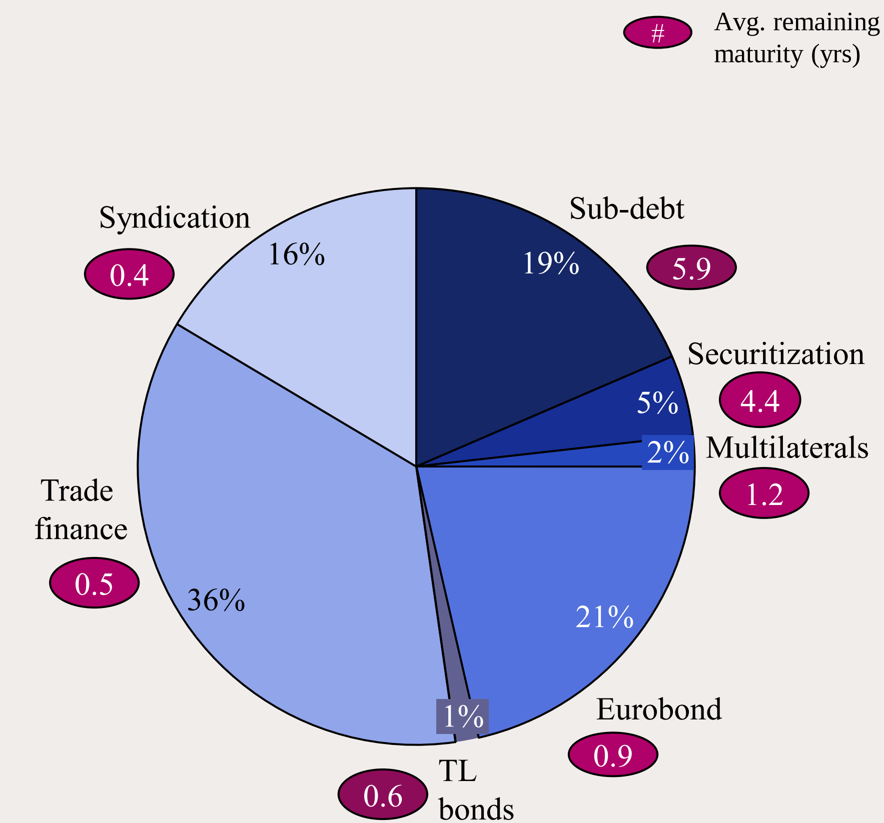
[1] Including TL issued bonds, bank deposits & fiduciary deposits

Well-balanced wholesale borrowing mix has been actively managed with a cost-oriented approach

Wholesale Borrowings[1] by Type (TL bn)



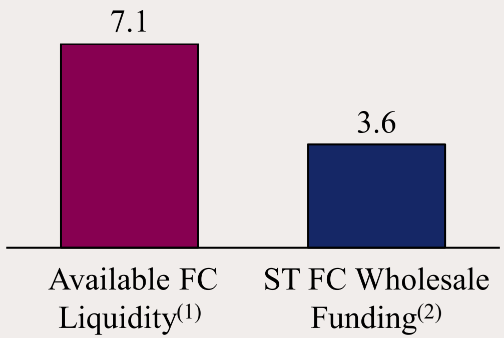
Wholesale Borrowings[1] Breakdown



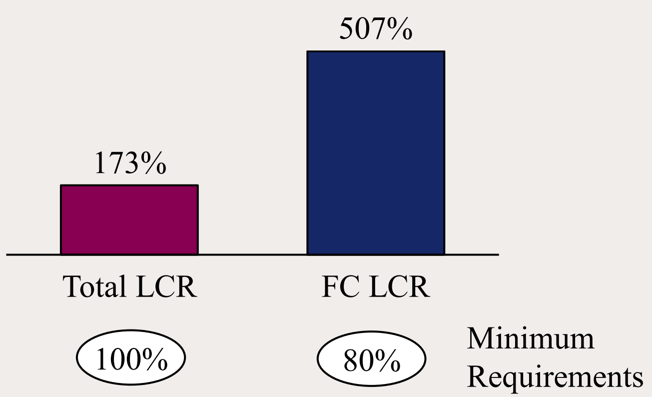
(1) Non-deposit funding except repo

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

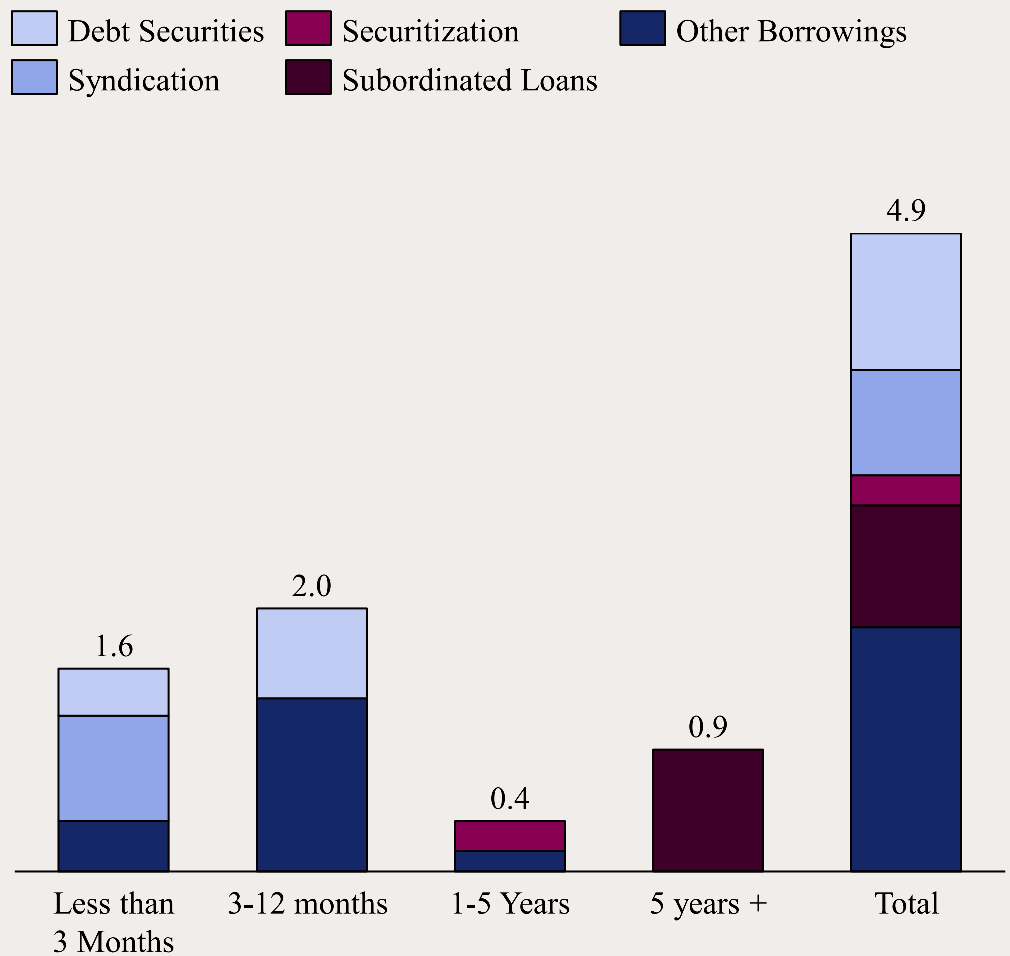
Available FC Liquidity vs Short-term Dues (USD bn)



Liquidity Coverage Ratios (%, eop)



Maturity Profiles of FC Wholesale Funding (USD bn)



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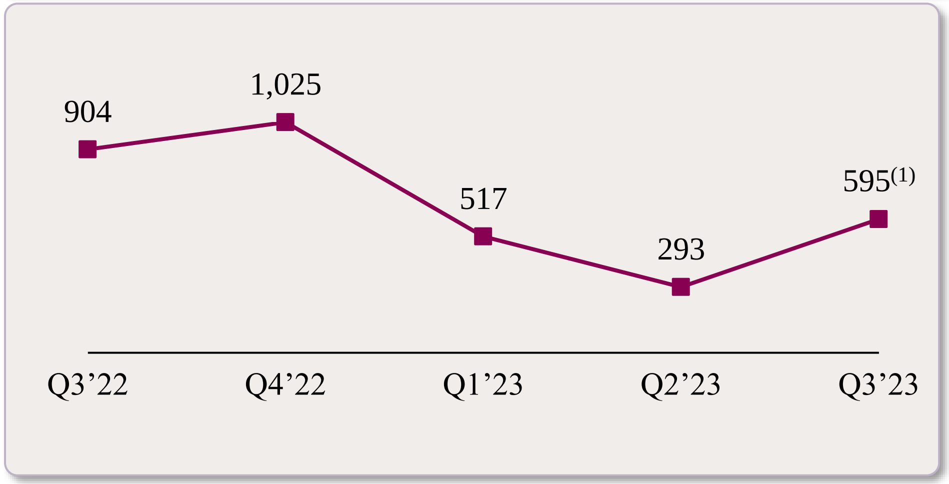
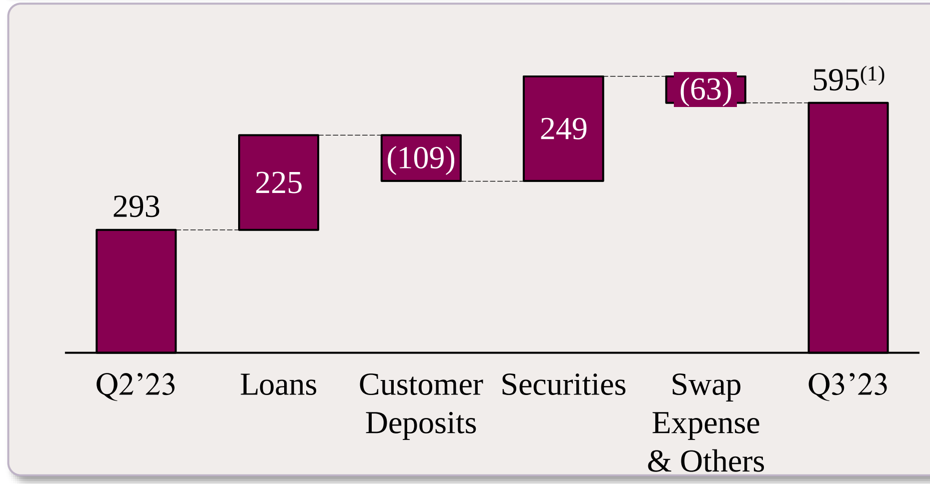
[1] Incorporates FC HQLA and FC swaps
[2] FC wholesale funding due within 1 year

TL spreads recorded a swift, healthy recovery thanks to CBRT's orthodox policies as well as Bank's prudent maturity mismatch, while CPI adjustment supported NIM

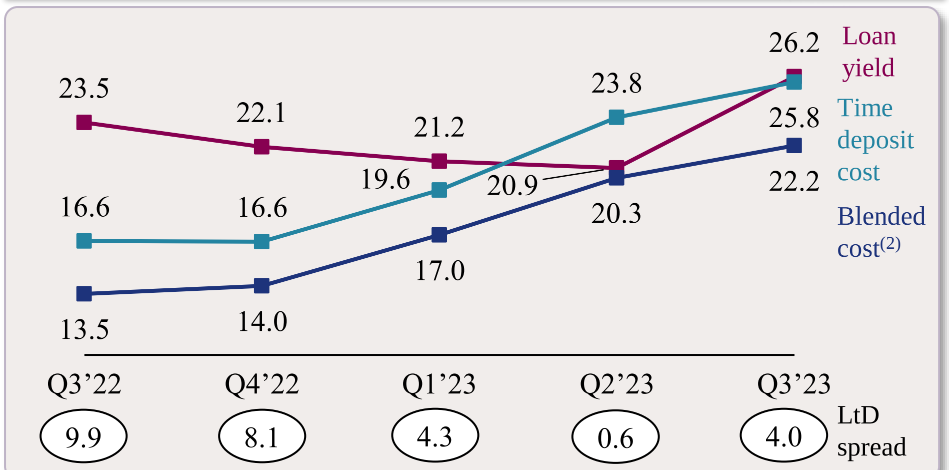
Quarterly NIM after Swap (bps)



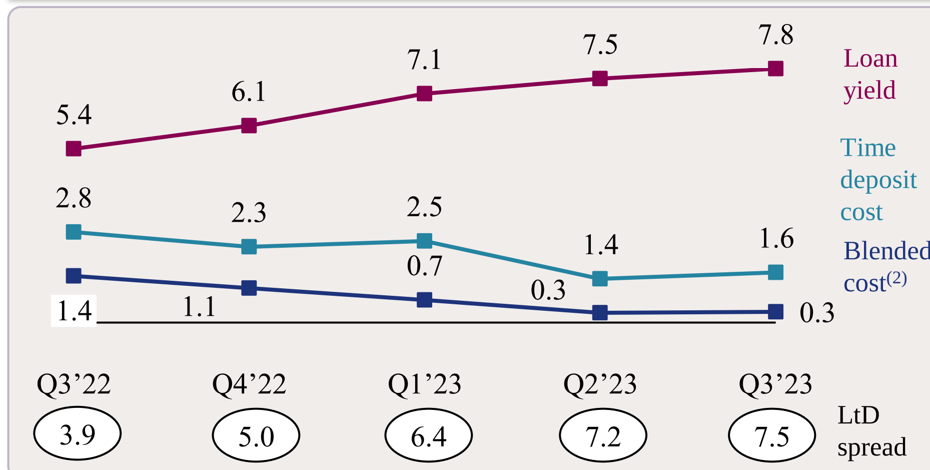
Quarterly NIM after Swap Evolution (bps)



TL Spread (%, quarterly)



FC Spread (%, quarterly)



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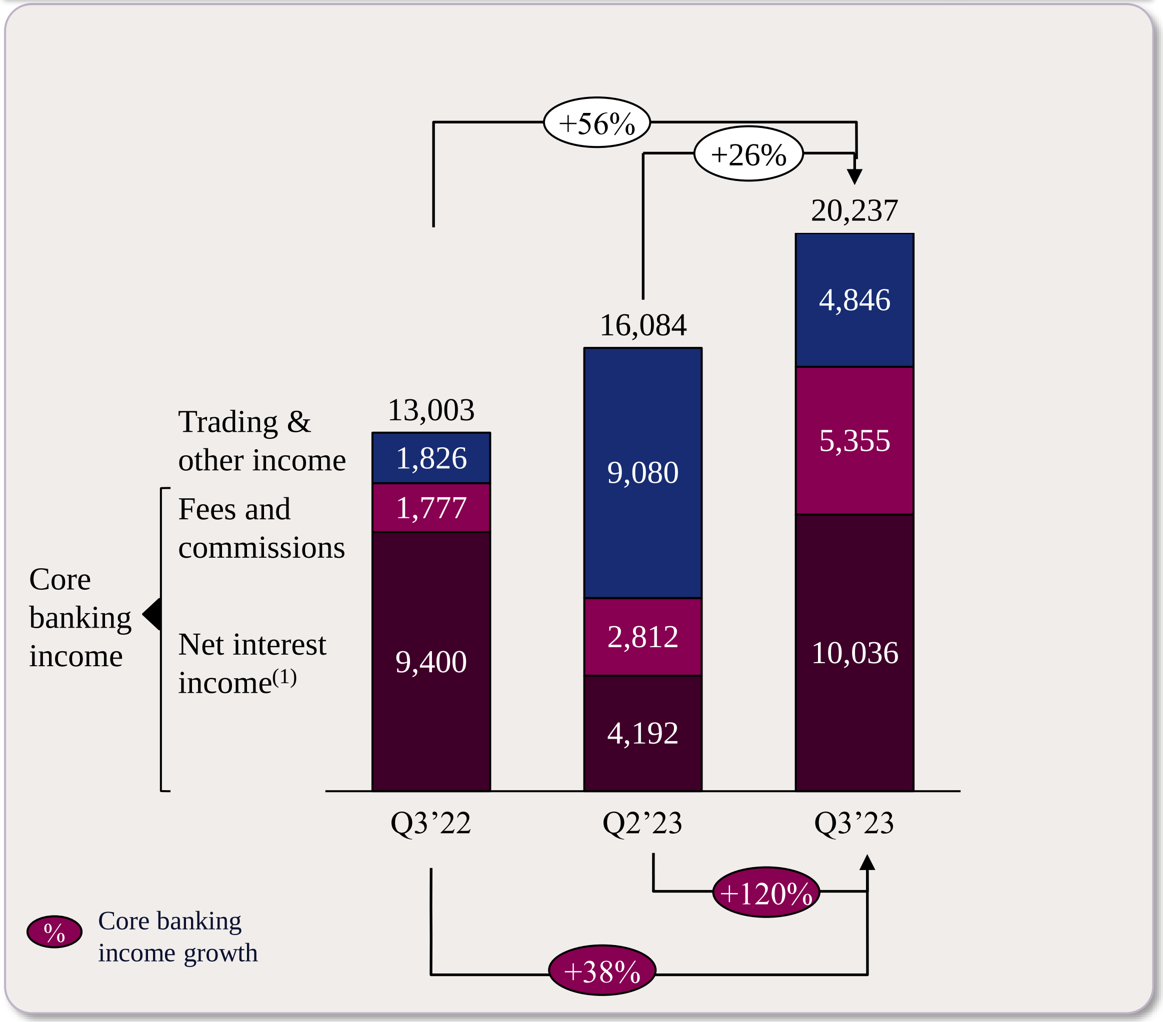
(1) October-October inflation projection used in the valuation of CPI linkers was 50% as of the end of Q3'23.
An additional 100 bps increase in CPI projection contributes TL 530 mn/yr to NII and 6 bps to annual NIM.

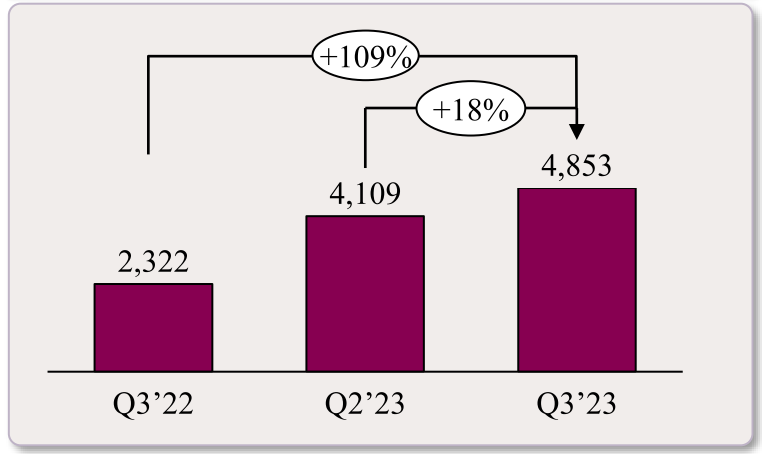
(2) Blended of time and demand deposits.

Robust recovery in Net Interest Income together with solid Fees&Commissions led to a C/I ratio of 24%, despite the elevated inflation and TL depreciation reflected onto OPEX performance

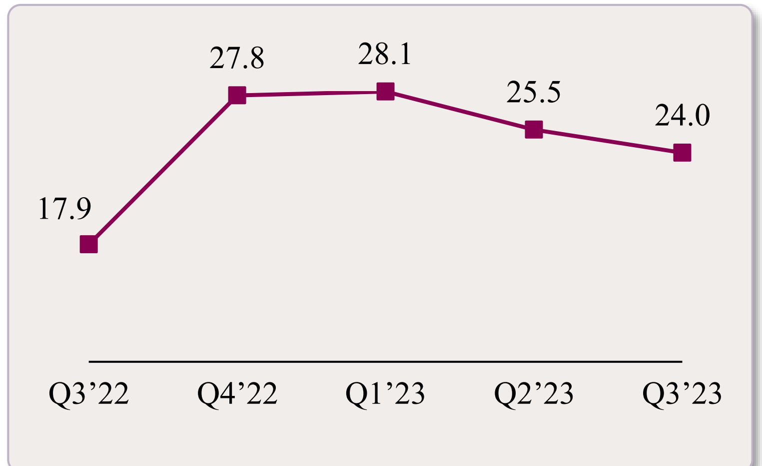
Total Operating Income (TL mn)



OpEx (TL mn)



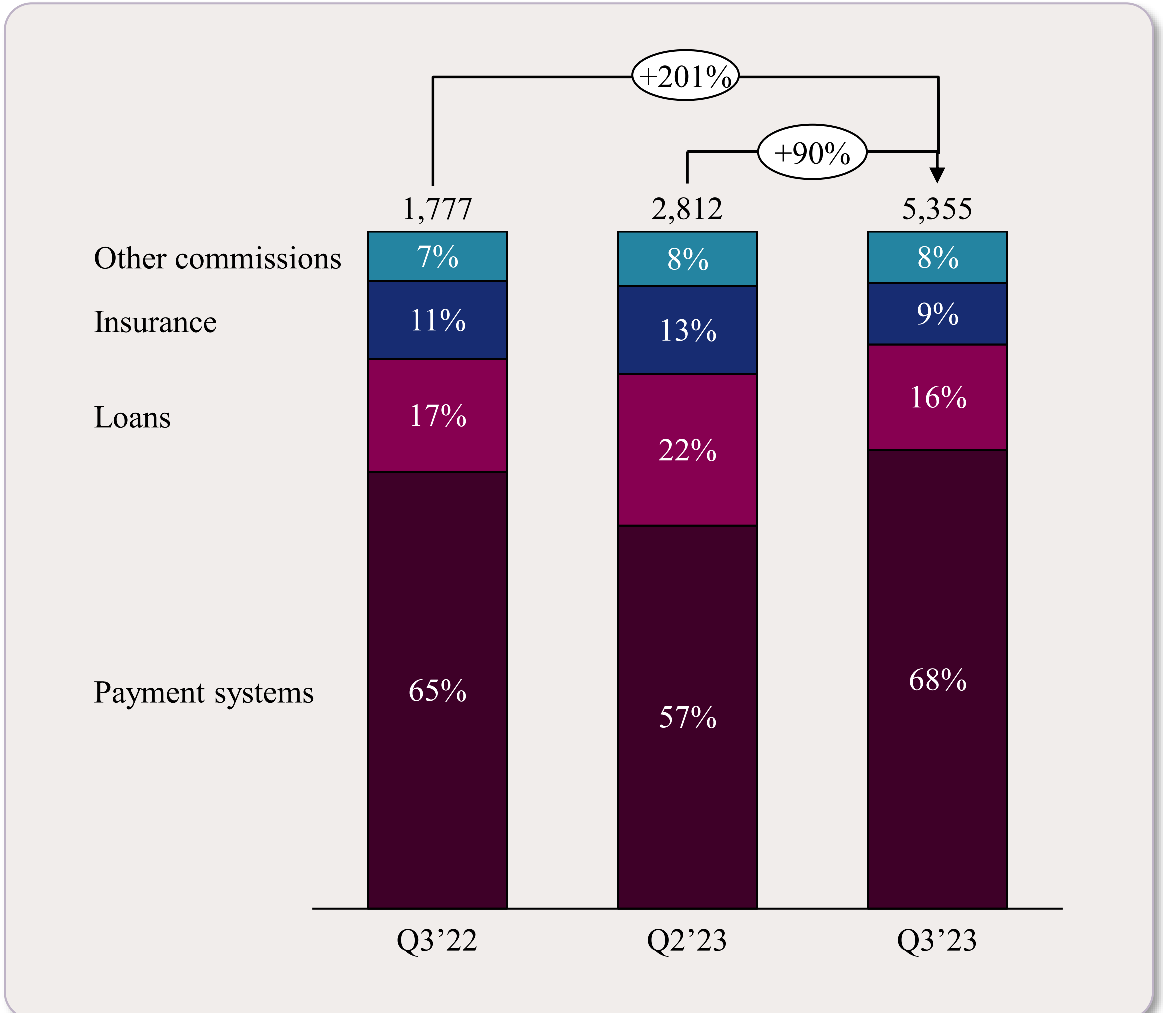
Cost / Income (%)



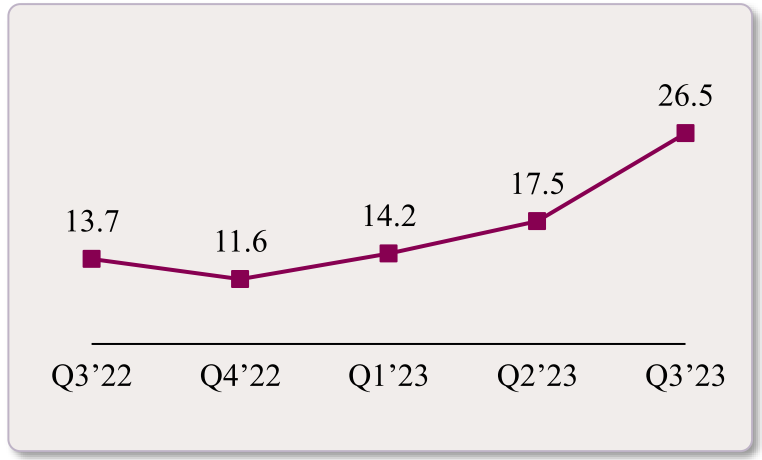
(1) Including swap expenses

Fees once again outperformed across the board, as commissions led the growth on the back of higher transaction volumes and prices in banking and payment systems

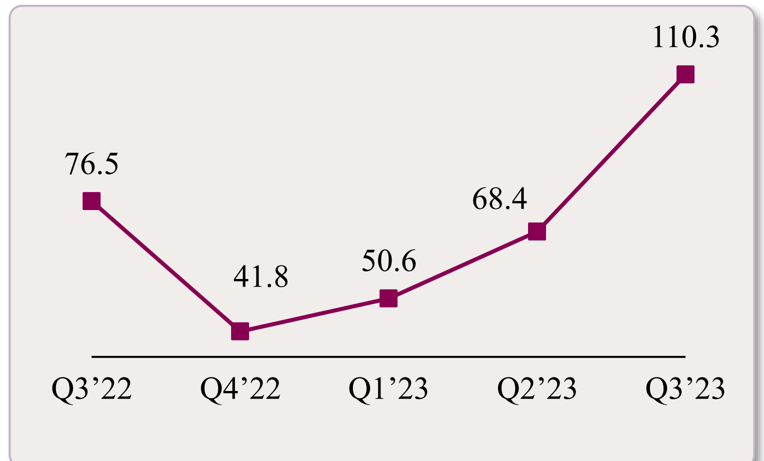
Net Fees and Commissions (TL mn)



Fees / Total Income (%)

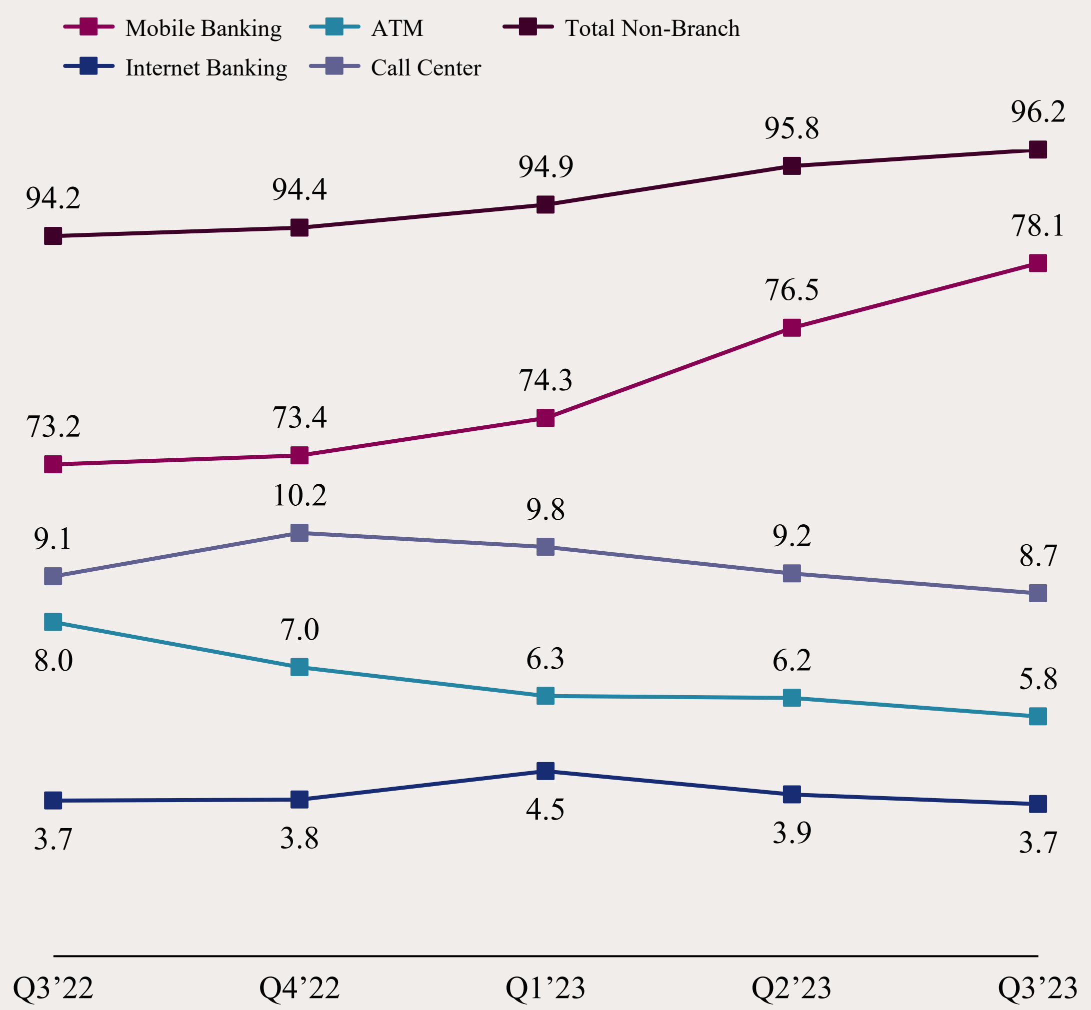


Fees / OpEx (%)

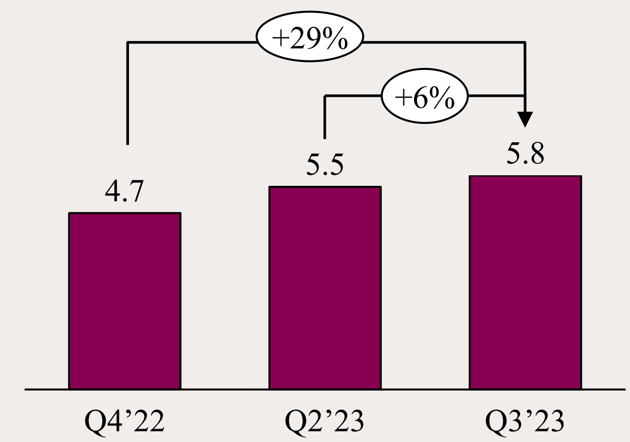


Investment in digital transformation paved the road to a smooth, swift and persistent transition to digital channels

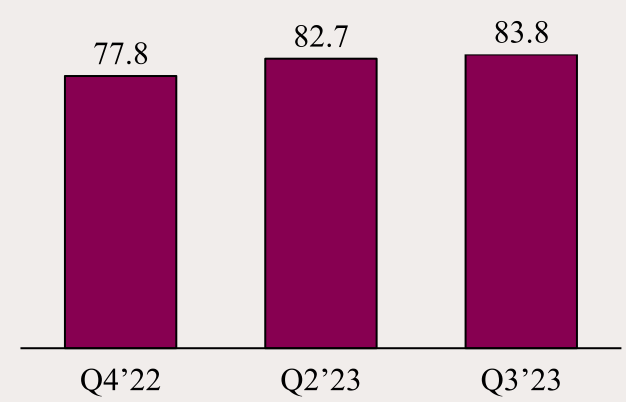
Share of Transactions Evolution in Non-Branch Channels (%)



Number of Digital Customers (mn)



Active Digital[(1)] / Total Active Customers (%)



(1) Customers logged into mobile or internet branches at least once within the last three months

Sustainability at QNB Finansbank

QNB Finansbank embraces the principle of «Becoming 1 with the World» while ensuring a more prosperous future for children

«Becoming 1 with the World»

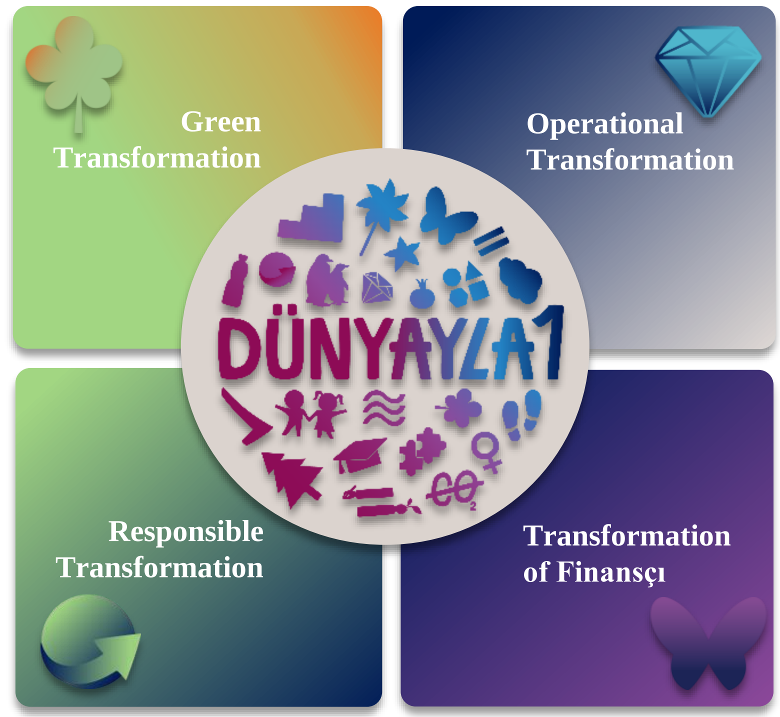
- QNB Finansbank’s sustainability roadmap is shaped by the critical factors of human well-being, societal progress, economic resilience, and environmental stewardship, which collectively encompass the interests of our most significant stakeholder, the World.

- We adapt **«Becoming 1 with the World»** as our Sustainability vision, where we committe to integrate humanely, environmentally, economically, and socially to the global community by acknowledging our responsibility to the unity of the world's ecosystem

QNB Finansbank Sustainability Strategy

- Our sustainability strategy, focuses on four core areas:
  - The Green Transformation and Responsible Transformation center upon the sustainability transformation of customers.
  - Operational Transformation and Transformation of Finansçı emphasize the sustainability of the Bank’s operations.

QNB Finansbank Sustainability Roadmap



Sustainability at QNB Finansbank

DÜNYAYLA 1

Sustainability is defined at QNB Finansbank as the delivery of long-term value while addressing ESG topics

We are committed to combating climate change on the pathway to net zero

- Elevated our CDP CC Program score to **“A-” Leadership Level**
- **Coal Phase Out:** Not lending to new coal thermal power plant and new coal mining investments
- Green Social Eligible Loans/ Project Finance Portfolio(1) **38.7%**
- Renewable Energy Projects/ Total Energy Generation Projects **23.5%**
- Sustainability-linked Funding/ Wholesale Funding Portfolio(2) **26%**
- **Sustainable Finance and Product Framework** with SPO
- **Zero Waste Certificate** obtained for 3 HQ buildings
- **ISO 14001:2015** standard EMS certificate for 3 HQ buildings

(1) Cash Risk (2) Excluding subloan

We are fostering financial inclusivity & promoting equal rights

- **Gender Equality Guideline** with Kadir Has University
- **Gender Equality targets:**
  - Reducing Gender Pay Gap
  - Training programs to promote equality in the workplace
  - Increasing Women Suppliers
  - Enhancing Child-care back-up Services
  - Increasing Women in Engineering & IT Roles
- Listed in **2023 Bloomberg Gender Equality Index**
- Partnership with EBRD **- $110 million loan** to individuals, businesses affected by the earthquake
- **TL 36 milyon donation** to support the education of children affected by the earthquake in collaboration with TEV, TED
- Enhancing the green transformation of SMEs with **TOBB & Captanomy** partnership
- **Digital Bridge** is the only Platform that supports SMEs with **18** non-banking digital solutions
- **Being an Eyebrand** - Collaboration with BlindLook

Senior level leadership, overseeing sustainability governance

- **Sustainability Committee** co-chaired by the CEO and Head of Sustainability Committee
- Sustainability governance is reinforced by **Environmental and Social Policies** that are supported by the Board of Directors
- **The BoD Diversity and Effectiveness**:
  - The share of independent members: **45%***
  - The share of women: **27%**
- **Climate Change Risk Management**
  - Climate Change Risk & Opportunities Scenario Analysis
- **Compliance** with International Standards

3)Audit Committee members are deemed independent within the scope of the II-17.1 Corporate Governance Communiqué issued by the Capital Markets Board of Türkiye.

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Sustainability at QNB Finansbank

DÜNYAYLA1

Collaboration with both national and international initiatives, coupled with contributions to social welfare in accordance with a responsible banking approach

Initiatives, Ratings & Cooperations

WE SUPPORT

Signatory since 2019

In support of WOMEN'S EMPOWERMENT PRINCIPLES Established by UN Women and the UN Global Compact Office

Signatory since 2021

Bloomberg Gender-Equality Index 2023

Listed since 2023

CDP DISCLOSURE INSIGHT ACTION

Climate Change Leadership Level «A-»

bcsdTürkiye

Signatory since 2022

ISO 14001 EMS certification 3 HQ Buildings

LEED certificated Kristal Kule

Network Türkiye

Signatory since 2023

Corporate Social Responsibility Projects

- **Tiny Hands Big Dreams -** Touching the lives of **700,000** children with more than **65+** projects & **4,000** "Volunteer Finansçı"
  - Social and Sentimental-Based Activities after Disasters with TEGV
  - Nature Pioneers Youth Program with WWF Türkiye
  - Tiny Hands Big Dreams Education Scholarship with TEV and TED
  - Scholarship to women studying medicine in earthquake region with KAHEV
  - "Success is Everywhere" Project with TED and Republic of Turkey Ministry of National Education
  - Tiny Hands are Coding and Scratch Cup; coding games with environmental themes
  - Tales Math Museum & A Day in the Museum
- **Sustainable art exhibition** «Breaking Point: Write the end of the story» with Artkolik

Appendix

BRSA Bank-Only Key Financial Ratios

	All figures quarterly	Q1'22	Q2'22	Q3'22	9M'22	Q1'23	Q2'23	Q3'23	9M'23
Profitability	RoAE	39.9%	72.9%	44.0%	52.0%	57.6%	56.7%	69.7%	61.4%
	RoAA	2.4%	4.6%	2.9%	3.3%	4.3%	4.2%	5.1%	4.6%
	Cost / Income	30.0%	19.5%	17.9%	20.9%	28.1%	25.5%	24.0%	25.6%
	NIM after swap expense	5.2%	8.7%	9.0%	7.8%	5.2%	2.9%	5.9%	4.7%
Liquidity	Loans / Deposits[1]	92.9%	90.9%	85.7%	85.7%	87.5%	86.9%	89.0%	89.0%
	LCR (aop)	181.0%	156.0%	174.2%	174.2%	177.2%	167.1%	181.4%	181.4%
Asset quality	NPL Ratio	3.5%	2.9%	2.8%	2.8%	2.3%	1.9%	1.6%	1.6%
	Cost of Risk	1.8%	3.1%	1.5%	2.1%	4.6%	2.8%	1.0%	2.6%
Solvency	CAR	16.0%	14.7%	15.4%	15.4%	13.4%	14.5%	15.2%	15.2%
	Tier I Ratio	12.8%	11.7%	12.4%	12.4%	10.8%	11.6%	12.4%	12.4%
	Liability/Equity	16.2x	15.9x	14.5x	14.5x	13.0x	14.2x	13.0x	13.0x

(1) Including TL issued bonds, bank deposits & fiduciary deposits excluding CBRT swap transactions

BRSA Bank-Only Summary Financials

Income Statement

TL, mn	Q2'23	Q3'23	ΔQoQ	9M'22	9M'23	ΔYoY
Net Interest Income (After Swap Expenses)	4,192	10,036	139%	20,820	20,557	-1%
Net Fees & Commissions Income	2,812	5,355	90%	4,291	10,131	136%
Trading & Other Income	9,080	4,846	-47%	4,873	19,452	299%
Total Operating Income	**16,084**	**20,237**	**26%**	**29,984**	**50,140**	**67%**
Operating Expenses	(4,109)	(4,853)	18%	(6,267)	(12,845)	105%
Net Operating Income	**11,975**	**15,384**	**28%**	**23,717**	**37,295**	**57%**
Provisions	(3,137)	(1,711)	-45%	(4,498)	(9,326)	107%
Free Provisions	-	600	n.m.	(3,200)	-	n.m.
Profit Before Tax	**8,838**	**14,273**	**61%**	**16,019**	**27,969**	**75%**
Tax Expenses	(1,476)	(3,628)	146%	(4,548)	(3,330)	-27%
Profit After Tax	**7,362**	**10,645**	**45%**	**11,471**	**24,639**	**115%**

Balance Sheet

TL, mn	Q4'22	Q2'23	Q3'23	ΔQoQ	ΔYtD
Cash & Banks[1]	113,652	151,509	159,410	5%	40%
Securities	103,354	120,748	147,227	22%	42%
Net Loans	344,957	454,100	502,071	11%	46%
Fixed Asset and Investments[2]	9,710	14,635	16,250	11%	67%
Other Assets	30,082	41,665	36,964	-11%	23%
Total Assets	**601,755**	**782,657**	**861,923**	**10%**	**43%**
Deposits	394,284	520,110	562,167	8%	43%
Customer	384,058	503,507	541,975	8%	41%
Bank	10,226	16,603	20,192	22%	97%
Borrowings	108,650	148,593	169,278	14%	56%
Bonds Issued	27,940	30,587	30,683	0%	10%
Funds Borrowed	41,653	74,425	80,338	8%	93%
Sub-debt	17,128	24,282	25,719	6%	50%
Repo	21,929	19,299	32,538	69%	48%
Other	54,555	58,922	64,289	9%	18%
Equity	44,266	55,032	66,189	20%	50%
Total Liabilities & Equity	**601,755**	**782,657**	**861,923**	**10%**	**43%**

(1) Includes CBRT, banks, interbank, other financial institutions
(2) Including subsidiaries

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BRSA Consolidated Key Financial Ratios

	All figures quarterly	Q1'22	Q2'22	Q3'22	9M'22	Q1'23	Q2'23	Q3'23	9M'23
Profitability	RoAE	39.9%	72.9%	44.0%	52.0%	57.6%	56.7%	69.7%	61.4%
	RoAA	2.3%	4.4%	2.8%	3.2%	4.2%	4.0%	5.0%	4.4%
	Cost / Income	30.7%	20.2%	18.5%	21.6%	30.3%	27.3%	25.6%	27.4%
	NIM after swap expense	5.2%	8.7%	9.1%	7.9%	5.5%	3.5%	6.5%	5.2%
Liquidity	Loans / Deposits[1]	97.7%	95.0%	89.5%	89.5%	91.6%	91.0%	93.7%	93.7%
	LCR (aop)	175.1%	152.5%	165.3%	165.3%	171.9%	158.2%	176.1%	176.1%
Asset quality	NPL Ratio	3.5%	2.9%	2.8%	2.8%	2.3%	1.9%	1.6%	1.6%
	Cost of Risk	1.8%	3.0%	1.4%	2.1%	4.3%	2.8%	0.9%	2.5%
Solvency	CAR	15.3%	14.1%	14.8%	14.8%	12.8%	13.9%	14.4%	14.4%
	Tier I Ratio	12.2%	11.2%	11.9%	11.9%	10.3%	11.1%	11.7%	11.7%
	Liability/Equity	16.7x	16.4x	14.9x	14.9x	13.4x	14.7x	13.5x	13.5x

[1] Including TL issued bonds, bank deposits & fiduciary deposits excluding CBRT swap transactions

BRSA Consolidated Summary Financials

Income Statement

TL, mn	Q2'23	Q3'23	ΔQoQ	9M'22	9M'23	ΔYoY
Net Interest Income (After Swap Expenses)	5,134	11,142	117%	21,469	23,213	8%
Net Fees & Commissions Income	3,122	5,965	91%	4,716	11,487	144%
Trading & Other Income	8,867	4,189	-53%	4,503	18,244	305%
Total Operating Income	**17,123**	**21,296**	**24%**	**30,688**	**52,944**	**73%**
Operating Expenses	(4,668)	(5,457)	17%	(6,630)	(14,520)	119%
Net Operating Income	**12,455**	**15,839**	**27%**	**24,058**	**38,424**	**60%**
Provisions	(3,247)	(1,603)	-51%	(4,594)	(9,308)	103%
Free Provisions	-	600	n.m.	(3,200)	-	n.m.
Profit Before Tax	**9,208**	**14,836**	**61%**	**16,264**	**29,115**	**79%**
Tax Expenses	(1,846)	(4,190)	127%	(4,791)	(4,474)	-7%
Profit After Tax	**7,362**	**10,646**	**45%**	**11,473**	**24,641**	**115%**

Balance Sheet

TL, mn	Q4'22	Q2'23	Q3'23	ΔQoQ	ΔYtD
Cash & Banks[1]	114,128	153,847	160,934	5%	41%
Securities	103,820	122,595	151,303	23%	46%
Net Loans[2]	363,105	476,460	529,700	11%	46%
Fixed Asset and Investments	6,308	8,997	9,552	6%	51%
Other Assets	33,784	45,900	42,686	-7%	26%
Total Assets	**621,144**	**807,799**	**894,174**	**11%**	**44%**
Deposits	392,763	518,371	560,123	8%	43%
Customer	382,537	501,768	539,931	8%	41%
Bank	10,226	16,603	20,192	22%	97%
Borrowings	127,441	171,029	198,196	16%	56%
Bonds Issued	32,017	33,631	34,301	2%	7%
Funds Borrowed	55,217	92,081	103,134	12%	87%
Sub-debt	17,128	24,282	25,719	6%	50%
Repo	23,079	21,035	35,042	67%	52%
Other	56,664	63,356	69,654	10%	23%
Equity	44,276	55,043	66,201	20%	50%
Total Liabilities & Equity	**621,144**	**807,799**	**894,174**	**11%**	**44%**

(1) Includes CBRT, banks, interbank, other financial institutions
(2) Including Leasing & Factoring receivables

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