



Burgan Bank A.Ş. Turkey (BBT)

**December 2014 Presentation
(BRSA Consolidated)**

Burgan Bank Group

Kuwait – Turkey – Iraq – Jordan – Algeria – Tunisia - Malta

Operating Environment

Macro Economic Outlook - Turkey

Ratings

	Fitch	Moody's	S&P
Long Term FC Rating	BBB-	Baa3	BB+
Outlook	Stable	Negative	Negative

Key Indicators

	2013	2014F	2015F(*)
Nominal GDP (USD bln)	820,0	800,0	810,0
Population (mil)	76,7	77,7	78,6
GDP per capita (USD)	10.720	10.300	10.300
Real GDP (% change)	4,1%	2,7%	3,5%
CPI (Inflation)	7,4	8,2	6,7
Gov. Debt (USD bln)	297,8	280,0	275,0
Gov. Debt / GDP	36,2	34,0	33,0
Current Account Bal. / GDP	-7,9	-5,7	-5,0
Forex Reserves (USD bln)	133	126	130
Trade Balance (USD bln)	-100	-84,5	-75
Export (USD bln)	152	158	165
Imports (USD bln)	252	242	240

Recent Developments

The Turkish economy is expected to grow by 2.7% yoy in 2014, down from 4.1% yoy growth a year ago. There is some deceleration in economic activity after 1Q14 due to supply side developments in agriculture, weak consumer confidence, investment tendency and external demand. We foresee some acceleration in GDP growth to 3.5% in 2015, backed by lower interest rates and oil prices, while subdued global growth is expected to be a drag on economic activity. Hence, the balance of growth is likely to shift towards domestic demand - as opposed to external demand in 2014.

We expect exports to remain under pressure due to uncertainties in main export markets, including the EU, Iraq and Russia. On the other hand, current account deficit-to-GDP ratio is expected to improve further to 5% by YE15, from 5.7% in 2014, mainly driven by lower oil prices. Inflation is also projected to decelerate below 7% in 2015, thanks to lower energy prices, expected correction in food prices and relatively stable outlook for the currency.

(*) Source: Burgan Securities Co. Macroeconomic Research

Operating Environment Turkish Banking Sector

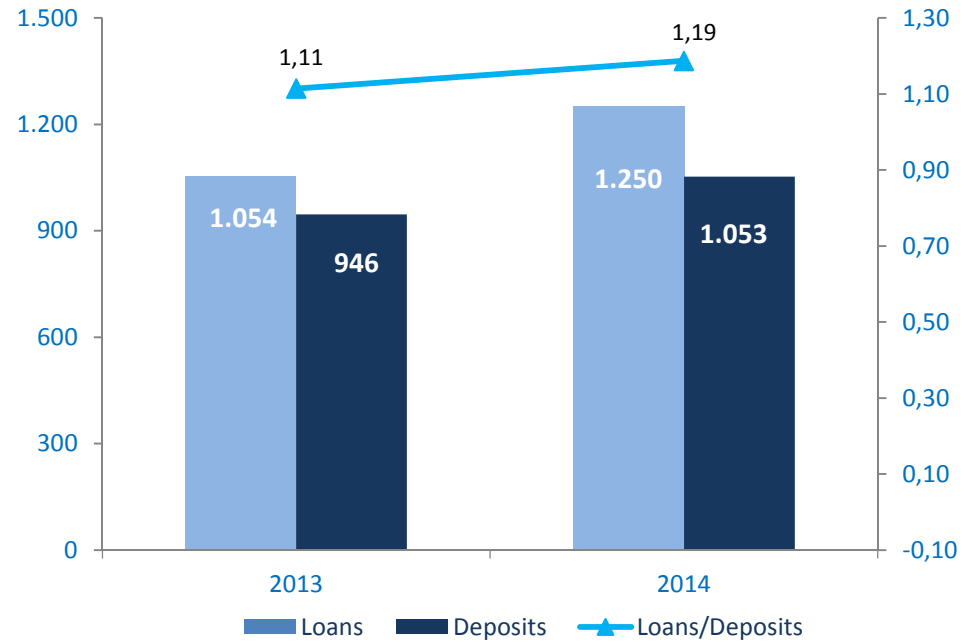
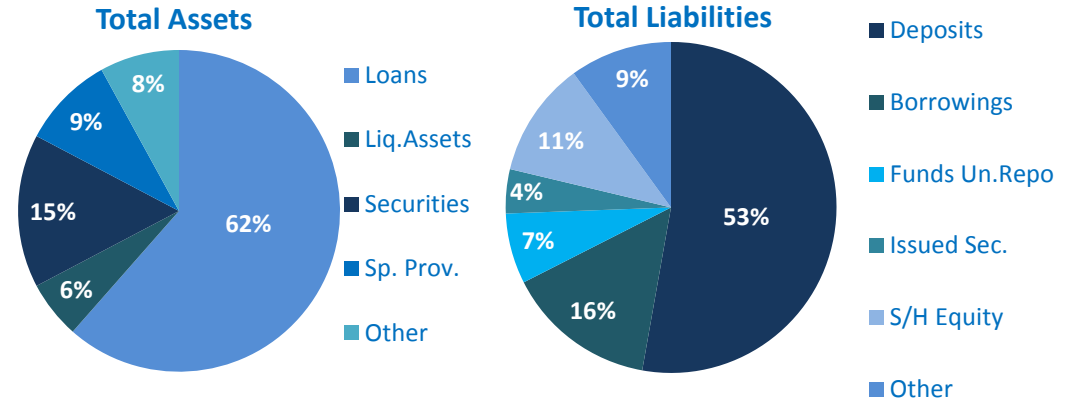
Number of Banks: 51

➤ Number of Depository Banks: 34

Growth (billionTRY)	2013	2014	YoY
Total Assets	1.732	1.994	15,1%
Total Deposits	946	1.053	11,3%
Total Loans	1.054	1.250	18,6%
Net Profit	24,7	24,7	0%

Key B/S Ratios(%)	2013	2014
ROA	1,6	1,3
ROE	14,2	12,2
NPL	2,8	2,9
CAR	15,3	16,3
NIM	3,7	3,5
Coverage	76,3	73,9
Loan/Deposit	111,5	118,8
Total Assets/GDP	110,7	115,3
Total Loans/GDP	67,4	72,3
Total Deposits/GDP	60,4	60,9

Source: BRSA



Burgan Bank SAK

Sound and Consistent Financial Performance

- A subsidiary of KIPCO(Kuwait Projects Company), is a strongly positioned regional Bank in the MENA region
- Listed on Kuwait Stock Exchange with a market cap of 2,7 bn \$
- Having a network of 240 branches across 8 countries
- Carrying an asset size of 26,5 bn \$

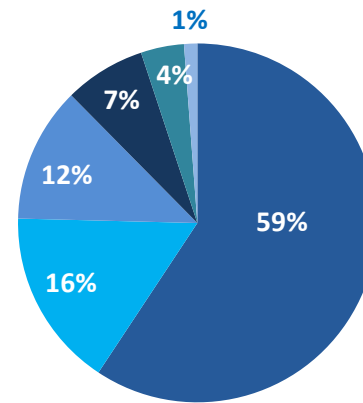
Shareholding Structure

- KIPCO 40.87%
- United Gulf Bank 17%
- Wafra Int. Inv. Comp Kuwait 7.19%
- Free float 34.94%

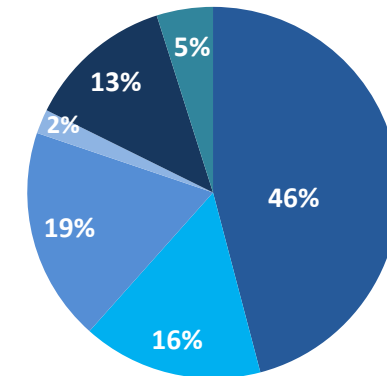
<i>Financial Performance</i>	<i>FY2014 vs. FY2013</i>
Revenue Growth (YoY)	13,5%
Operating Profit Growth (YoY)	18,1%
Cost to Income Ratio	44,3%
Loans to Cust. Deposits	93,2%
Liquidity Ratio	30,4%
NPA Ratio	3,2%
NPA net of Collateral Ratio	1,5%
ROE	18,2%

Ratings	Bank	Sovereign
Moody's	A3	Aa2
S&P	BBB+	AA
CI	A-	AA-

Loan+Deposit by International Operations



Revenues by Int. Operations



■ Kuwait ■ Turkey ■ Jordan ■ Algeria ■ Iraq ■ Tunisia

- International operations contributing 41% in Total Assets and 54 % in Revenues
- Burgan Bank, Turkey is ranked as the biggest contributor among Burgan Subsidiary Banks in Loans + Deposit share.
- Ranked as the third contributor for revenue generation

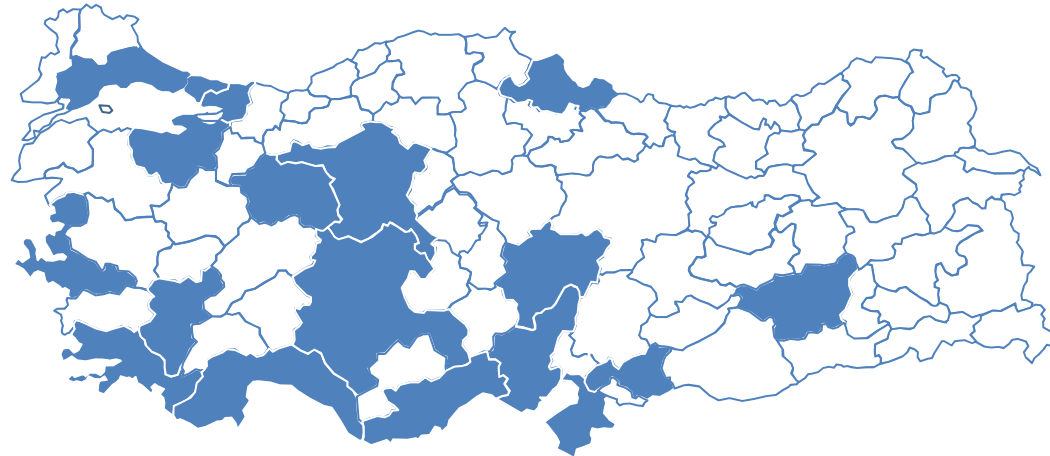
Burgan Bank A.Ş. at a Glance

- Burgan Bank A.Ş. is 99,26% owned by Burgan Bank SAK, Kuwait
- Has 58 Branches well spread out of the whole country
 - 26 Branches in Istanbul
 - 32 Branches out of Istanbul
 - 35 Combo Branches (Providing Commercial and Retail Banking Services)
 - 17 Retail Branches
 - 5 Business Centres (Providing Commercial Banking Services)
 - 1 Corporate Branch

- Synergies with Group Banks located in
 - Algeria – Gulf Bank Algeria
 - Iraq – Bank of Baghdad
 - Jordan – Jordan Kuwait Bank
 - Tunis – Tunis International Bank
 - Malta – Fimbank / LFC

- Burgan Bank A.Ş. has three subsidiaries
 - Burgan Leasing
 - Burgan Securities
 - Burgan Portfolio Management

- Rated By Moody's
 - Long Term Global Local Currency : Ba2



- Well spread out in the country , present in cities, producing 85% of total GDP

Performance Trends

Expanding Balance Sheet

Balance Sheet (million TRY)

	2013	2014	Y/Y
Total Assets	7.304,4	9.487,3	29,9%
Loans ¹	5.241,9	7.215,1	37,6%
Securities	949,6	794,6	-16,3%
Deposits	3.407,9	5.339,4	56,7%
Borrowings	1.751,4	1.920,7	9,7%
Subordinated Loan	320,5	350,0	9,2%
Shareholders' Equity	591,2	953,0	61,2%

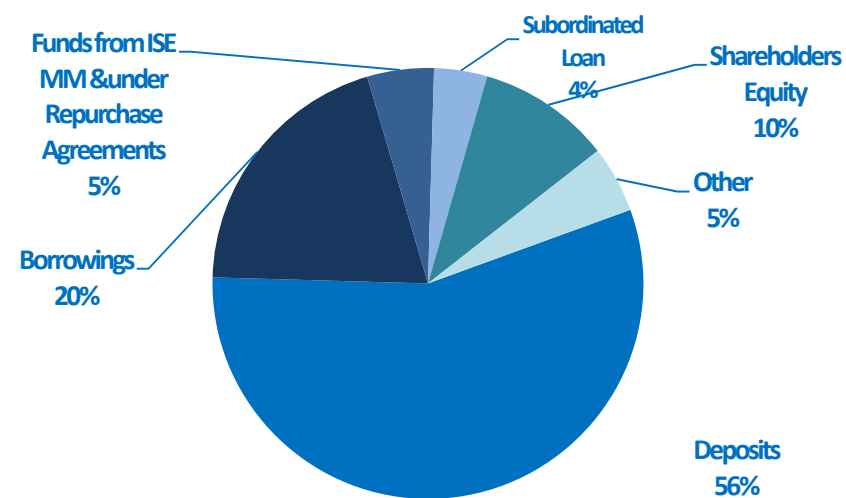
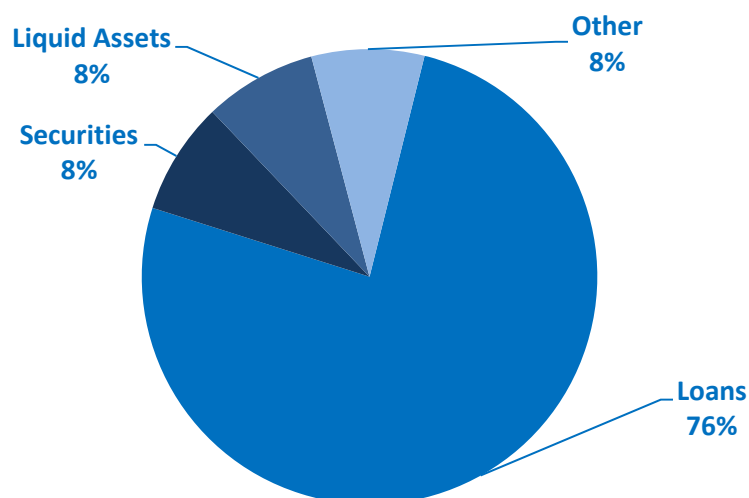
Balance Sheet Ratios

	2013	2014
Loans / Assets	72%	76%
Securities / Assets	13%	8%
Loans / Deposits	154%	135%
Loans / Deposits ²	96%	95%

(1) Factoring and Leasing Receivables Included

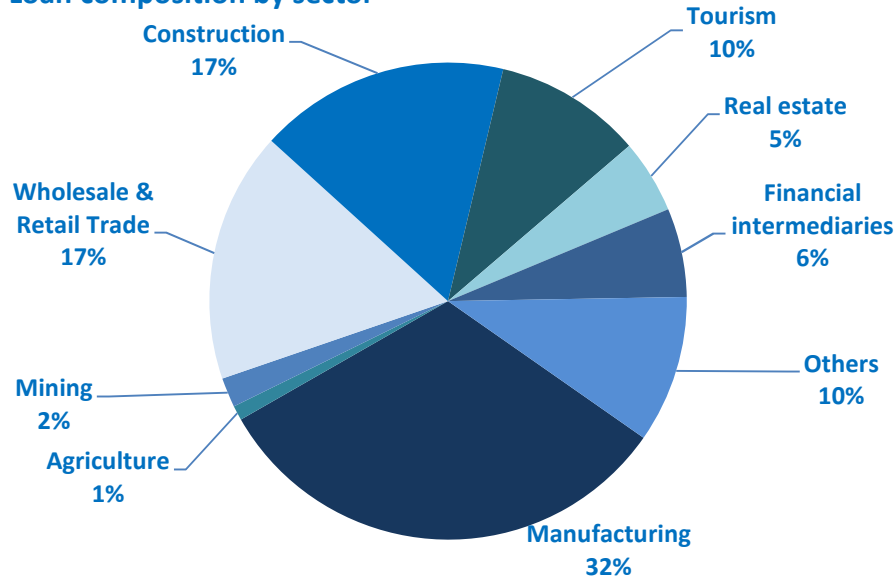
(2) Sub debt and Borrowings included

Asset & Liabilities Composition

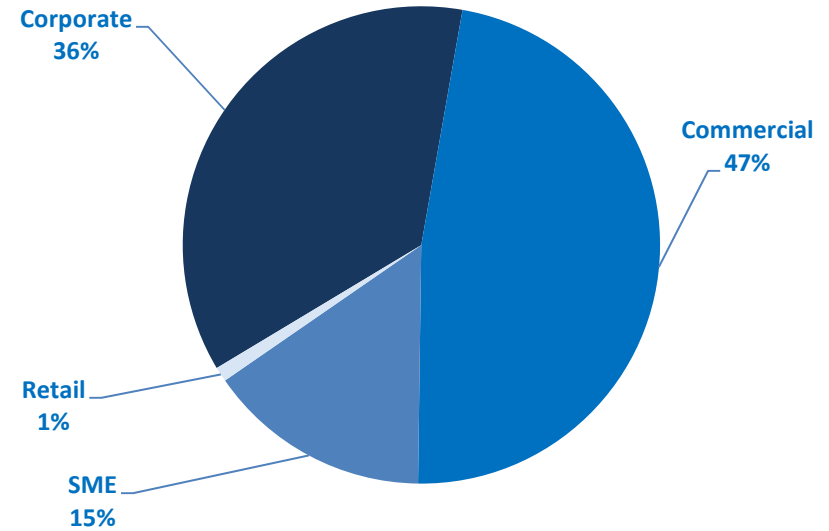


Loan Growth Well Above Market Average

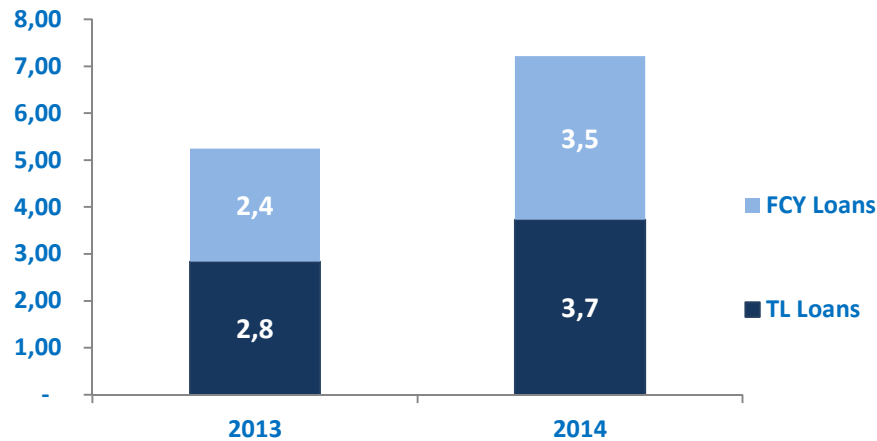
Loan composition by sector



Loan composition by customer segment



Loan Growth(billion TRY)



Definition of customer segment

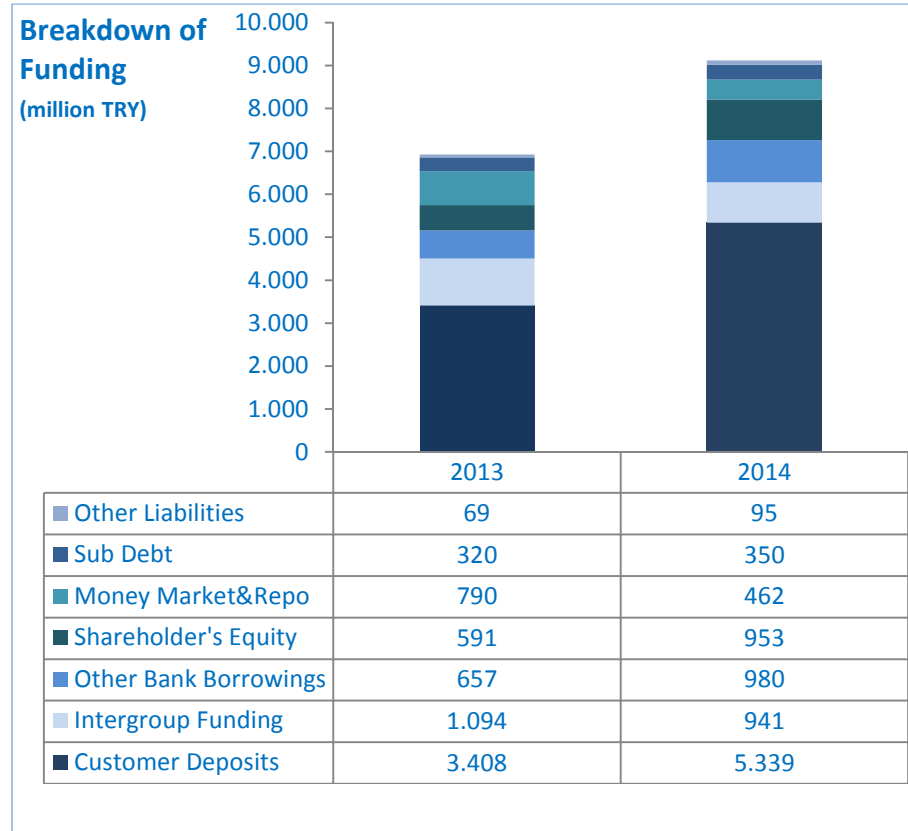
- Corporate:** Companies with turnover exceeding TRY 100 mln
- Commercial:** Companies with turnover between TRY 25 mln to TRY 100 mln
- SME:** Companies with turnover below TRY 25 mln.
- Retail:** Individual customers

➤ Loan portfolio showed a remarkable growth with 37,6% in 2014 which was well above the system average of 18,5%

Diversified Funding Structure

Funding structure (million TRY)			
	2013	2014	YoY
Customer Deposits	3.408	5.339	56,7%
Borrowings	1.751	1.921	9,7%
Intergroup Funding	1.094	941	-14,0%
EIB	143	106	-25,9%
Other Bank Borrowings	379	784	106,9%
Eximbank	135	90	-33,3%
Sub Debt	320	350	9,4%
Money Market&Repo	790	462	-41,5%
Other Liabilities	69	95	37,7%
Shareholder's Equity	591,2	953,0	61,2%

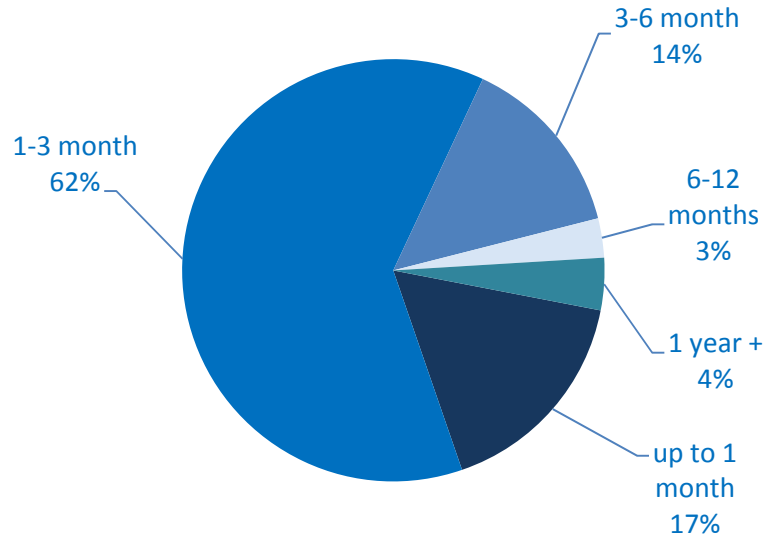
- Capital injection was realized by converting 330mioTRY from intergroup funding into the paid in capital
- Commitment of Burgan Bank SAK still continues with a balance of 250mioUSD in intergroup funding



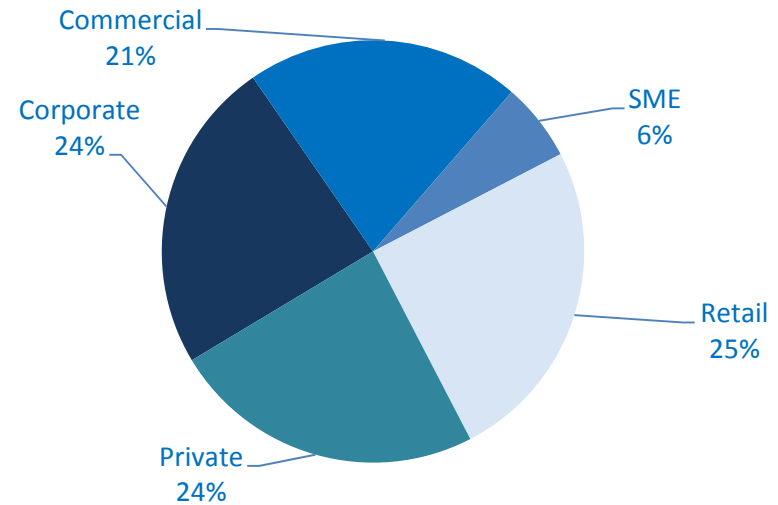
- Third party funding sources increased dramatically through the increased cooperation with Correspondent Banks.

Deposits Increased Five Fold Market Average

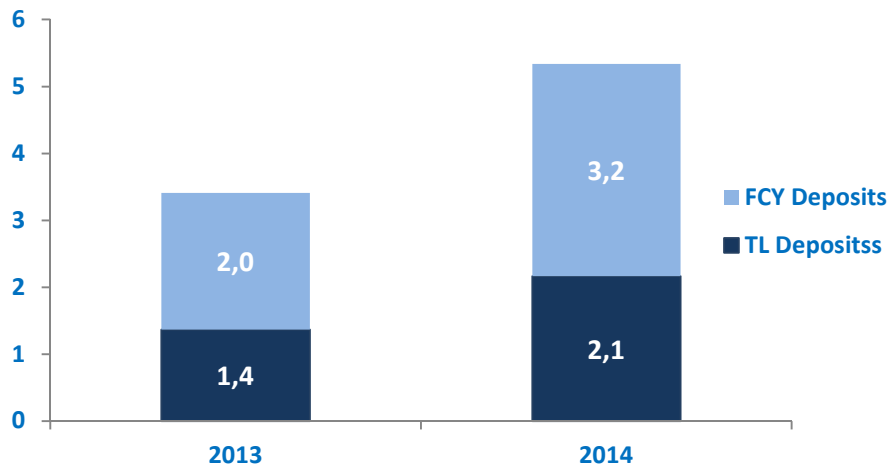
Deposit composition by maturity



Deposit composition by customer segment

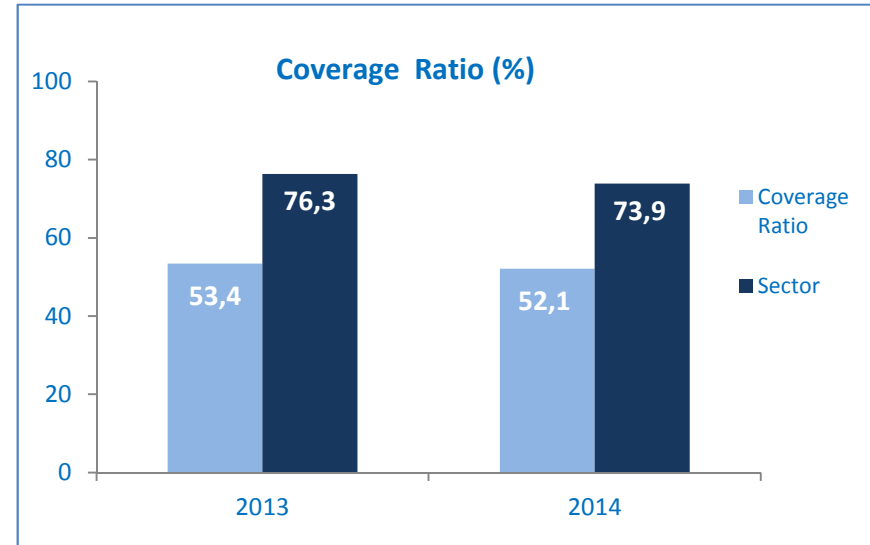
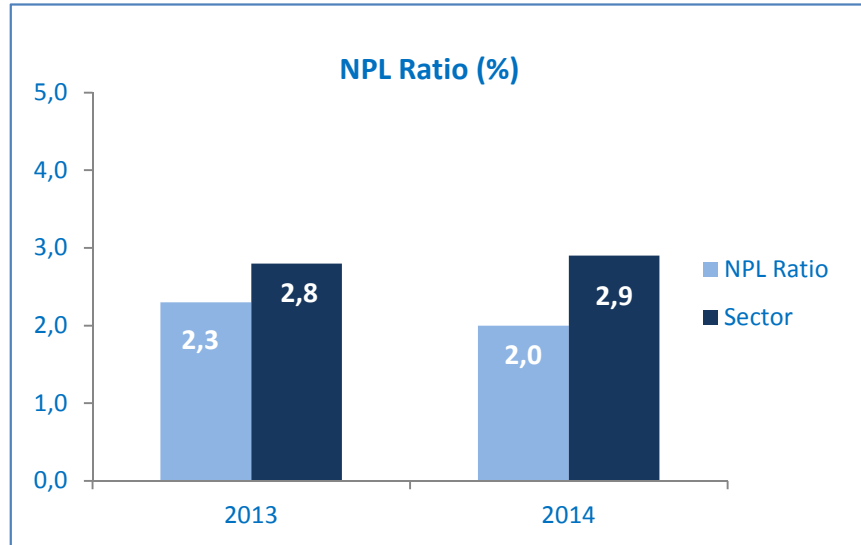


Deposit Growth(billion TRY)



- 56,7% deposit growth is achieved at the year-end 2014 whilst the system average was 11,3%
- Well diversified deposit portfolio. The Total of Top 20 deposits receives a share of 30,0 % out of Total Deposits.
- The biggest depositor share is 4,26 %

Improved Asset Quality



NPL KPIs	2013	2014
Gross Loans (million TRY)	5.306	7.289
NPL's(million TRY)	120	146
NPL Ratio	2,3	2,0
NPL, net of collateral	87	102
NPL coverage, net of collateral	84,9%	78,5%

- Provisioning is in line with BRSA rules and regulations.
- Coverage ratio is below sector average due to the collateral structure of the Loan portfolio.

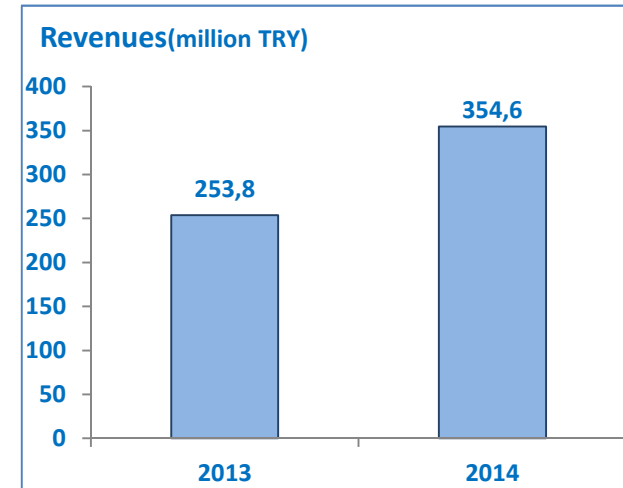
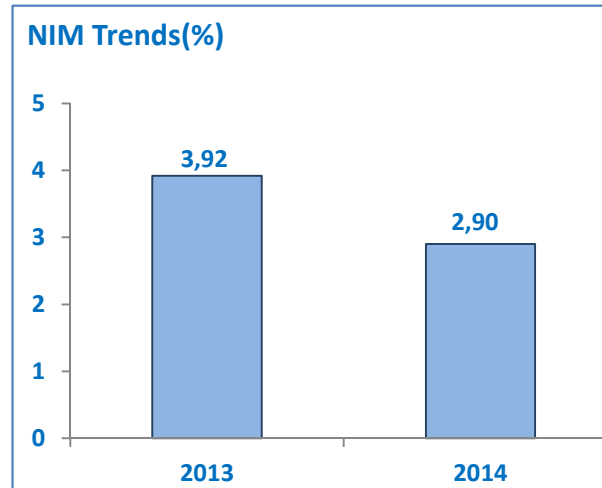
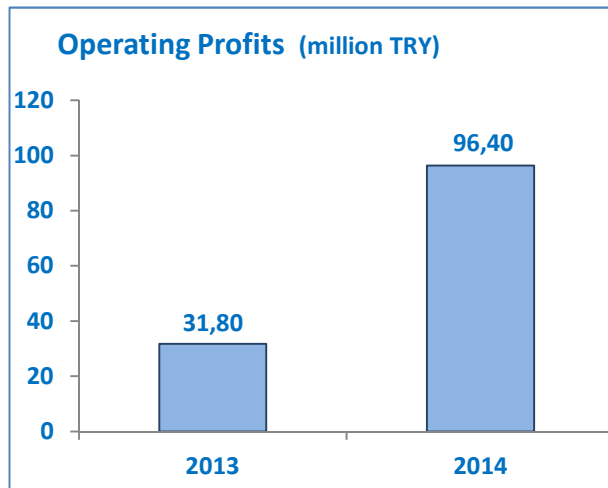
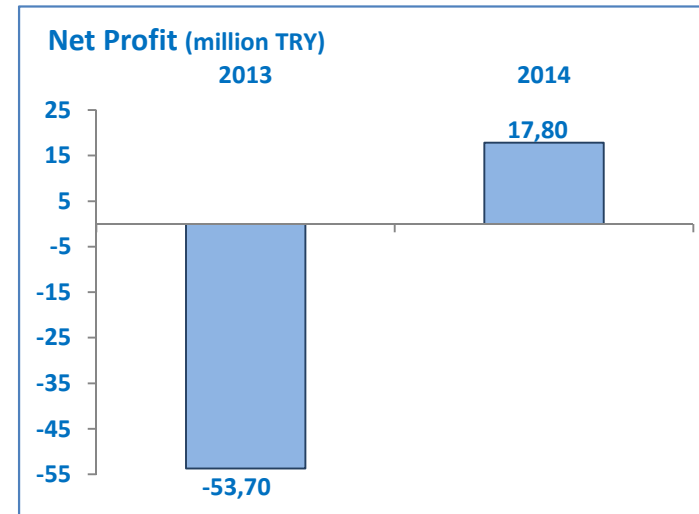
Strong Capitalization to Support Future Growth

	2013	2014
Shareholder's Equity (million TRY)	591	953
CAR Ratio (%)	13,70	16,12
Tier 1 Ratio (%)	8,96	11,45

- Paid in capital of the bank was increased by 330mioTRY(approx. 150mioUSD) and reached to 953mioTRY

Progress in Earnings

(million TRY)	2013	2014	y/y
Total Interest Income	441,1	674,0	52,8%
Total Interest Expense	256,8	426,5	66,0%
Net Interest Income	184,2	247,5	34,3%
Total Revenues	253,8	354,6	39,7%
Total Operating Expenses	222,0	258,2	16,3%
Operating Income	31,8	96,4	203,1%
Provision	94,8	71,1	-25,0%
Net Profit	-53,7	17,8	-133,1%



- Profit generation started on yearly basis
- 17,8mln TRY net profit was realized in 2014. This figure was -53,7mln TRY in 2013.

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Thank you

