



Burgan Bank A.Ş. Turkey (BBT)

**September 2015 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

	2014	2015F(*)	2016F(*)
Nominal GDP (USD bln)	799	710	715
Population (mil)	76.9	77.7	78.6
GDP per capita (USD)	10,390	9,100	9,100
Real GDP (% change)	2.9%	2.9%	3.3%
CPI (Inflation)	8.2%	8.4%	7.5%
Gov. Debt (USD bln)	270	241	243
Gov. Debt / GDP	33.5%	34.0%	34.0%
Current Account Bal. / GDP	-5.8%	-5.2%	-5.9%
Forex Reserves (USD bln)	126	120	110
Trade Balance (USD bln)	-85	-68	-76
Export (USD bln)	158	143	152
Imports (USD bln)	242	212	228

(*) Source: Burgan Securities Co. Macroeconomic Research

Recent Developments

There is a relative improvement in political outlook, as the re-elections on Nov 1, 2015 produced a parliamentary distribution enabling a single-party government. GDP growth is expected to recover slightly in 4Q, after having decelerated in 3Q, driven by a relative tightness in financial conditions, increased political uncertainties and concerns on the strength of global economic growth. On the other hand, inflation remains elevated, given the pass-through from a weaker TRL and a limited correction in food prices. The rebalancing process has gained momentum as of 2H15, thanks to lower energy imports and a slight deceleration in economic activity, as well as some recovery in exports. Fiscal performance has been consistent with targets so far in 2015, serving as the key factor to uphold Turkey's investment-grade rating.

Operating Environment Turkish Banking Sector

Number of Banks: 52

➤ Number of Depository Banks: 34

Growth (billionTRY)

	3Q2014	2014	3Q2015	YtD(*)	YoY
Total Assets	1,930	1,994	2,396	20.2%	24.1%
Total Deposits	1,020	1,053	1,269	20.5%	24.4%
Total Loans	1,223	1,250	1,527	22.2%	24.9%
Net Profit	18.76	24.6	18.8	52.8%	0.2%

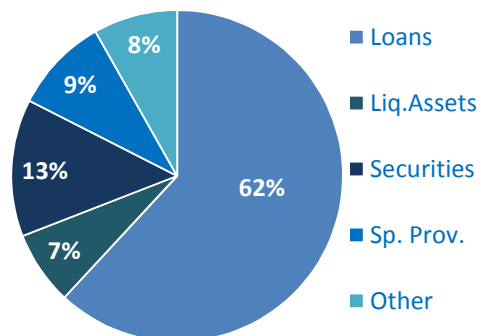
(*Annualized)

Key B/S Ratios(%)

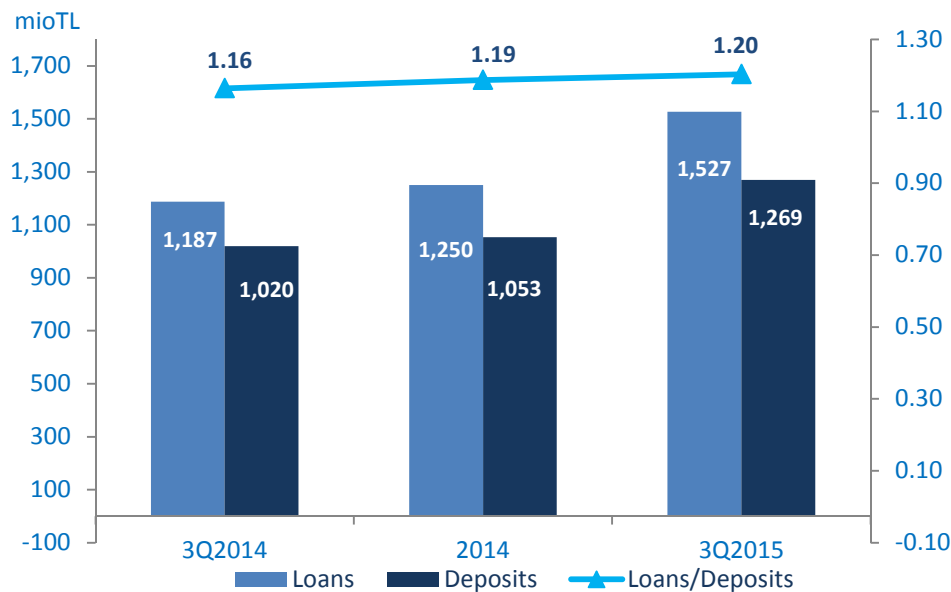
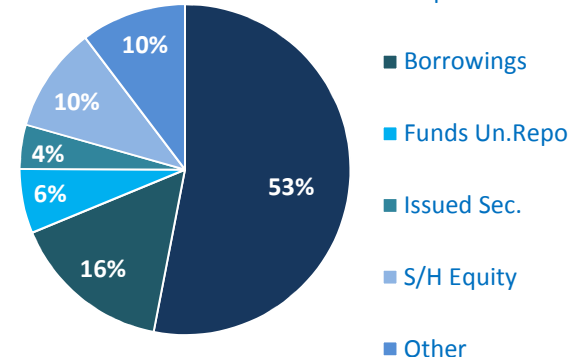
	3Q2014	2014	3Q2015
ROA	1.3	1.3	1.1
ROE	9.4	12.2	10.9
NPL	2.9	2.9	2.9
CAR	15.9	16.3	14.6
NIM	3.4	3.5	3.4
Coverage	72.7	73.9	73.5
Loan/Deposit	116.3	118.8	117.7
Total Assets/GDP	115.9	115.3	129.4
Total Loans/GDP	71.9	72.3	80.7
Total Deposits/GDP	61.3	60.9	68.5

Source: BRSA

Total Assets



Total Liabilities



Burgan Bank SAK

Sound and Consistent Financial Performance

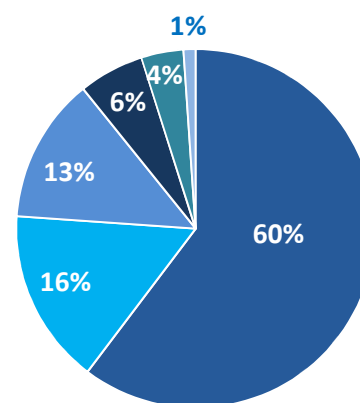
- Strongly positioned regional Bank in the MENA region as a subsidiary of KIPCO(Kuwait Projects Company)
- Listed on Kuwait Stock Exchange with a market cap of 2.7 bn \$
- Having a network of 240 branches across 8 countries
- Carrying an asset size of 26.5 bn \$

Shareholding Structure

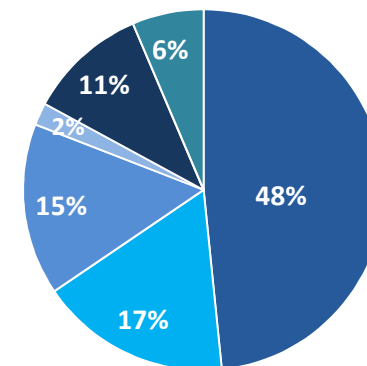
- KIPCO 40.87%
- United Gulf Bank 17%
- Wafra Int. Inv. Comp Kuwait 7.19%
- Free float 34.94%

<i>Financial Performance</i>	<i>3Q2015</i>
Revenue Growth (YoY)	7.9%
Operating Profit Growth (YoY)	7.5%
Cost to Income Ratio	44.2%
Loans to Cust. Deposits	94.3%
Liquidity Ratio	31.3%
NPA Ratio	4.5%
NPA net of Collateral Ratio	2.0%
ROE	15.6%

Loan+Deposit by Operations



Revenues by Operations



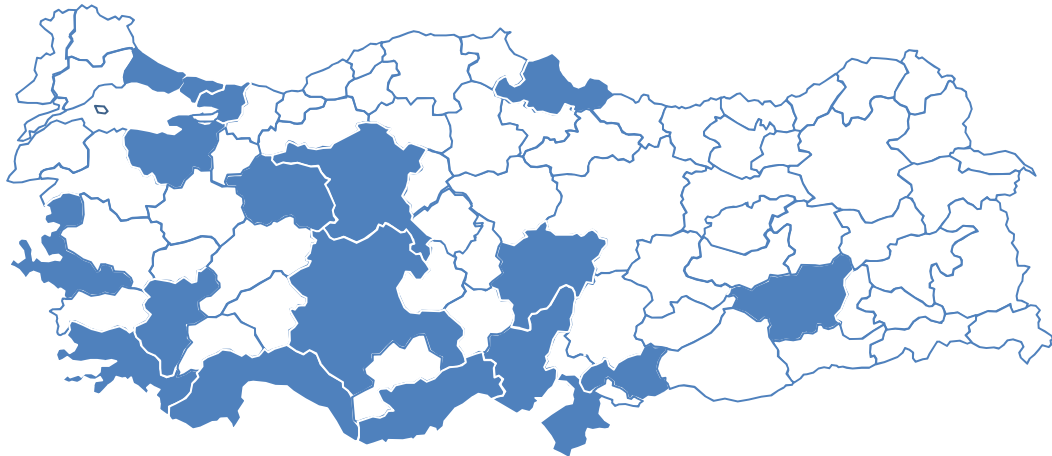
■ Kuwait ■ Turkey ■ Jordan ■ Algeria ■ Iraq ■ Tunisia

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

- International operations contributing 40% in Total Assets and 52 % in Revenues
- Burgan Bank, Turkey is ranked as the biggest contributor among Burgan Subsidiary Banks in Loans + Deposit share as well as revenue generation

Burgan Bank A.Ş. at a Glance

- Burgan Bank A.Ş. is 99.26% owned by Burgan Bank SAK, Kuwait
 - Has 54 Branches well spread out of the whole country
 - 25 Branches in Istanbul
 - 29 Branches out of Istanbul
 - 31 Combo Branches (Providing Commercial and Retail Banking Services)
 - 19 Retail Branches
 - 3 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 : **Ba3**
- Well spread out in the country , present in **17** cities, producing 85% of total GDP



Performance Trends

Growing Balance Sheet

Balance Sheet (million TRY)

	3Q2014	2014	3Q2015	YtD	YoY
Total Assets	8,368.8	9,487.3	11,561.9	21.9%	38.2%
Loans ¹	6,588.9	7,215.1	9,271.2	28.5%	40.7%
Securities	570.7	794.6	531.8	-33.1%	-6.8%
Deposits	4,671.8	5,339.4	6,133.3	14.9%	31.3%
Borrowings	1,970.8	1,920.7	2,979.6	55.1%	51.2%
Subordinated Loan	342.4	350.0	454.9	30.0%	32.9%
Shareholders' Equity	596.6	953.0	998.3	4.8%	67.3%

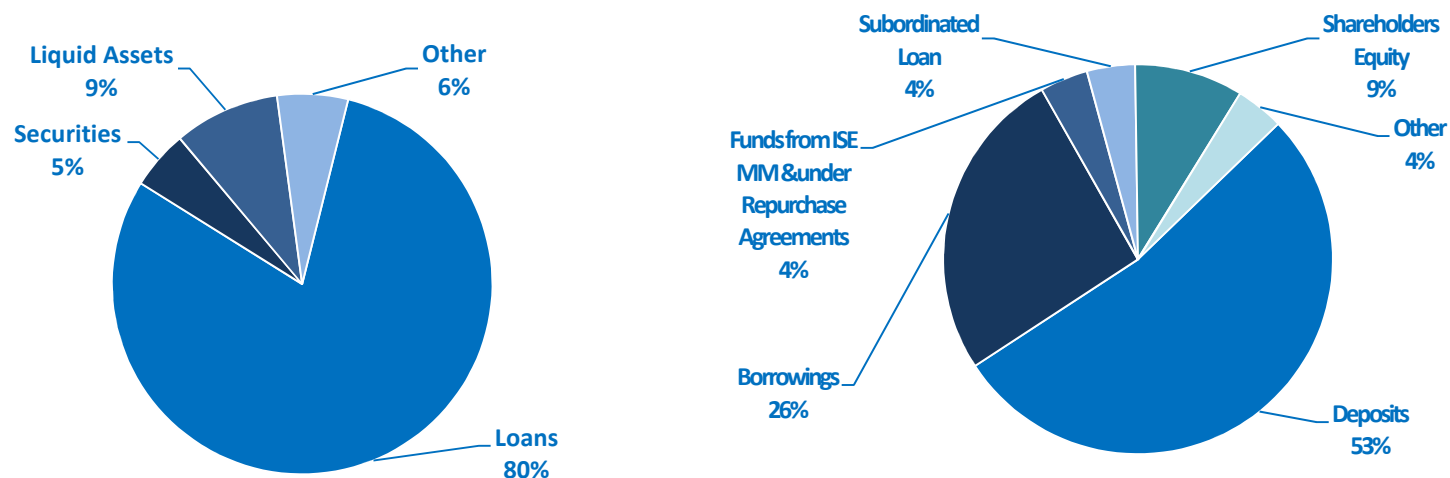
Balance Sheet Ratios

	3Q2014	2014	3Q2015
Loans / Assets	79%	76%	80%
Securities / Assets	7%	8%	5%
Loans / Deposits	141%	135%	151%
Loans / Deposits ²	94%	95%	97%

(1) Factoring and Leasing Receivables Included

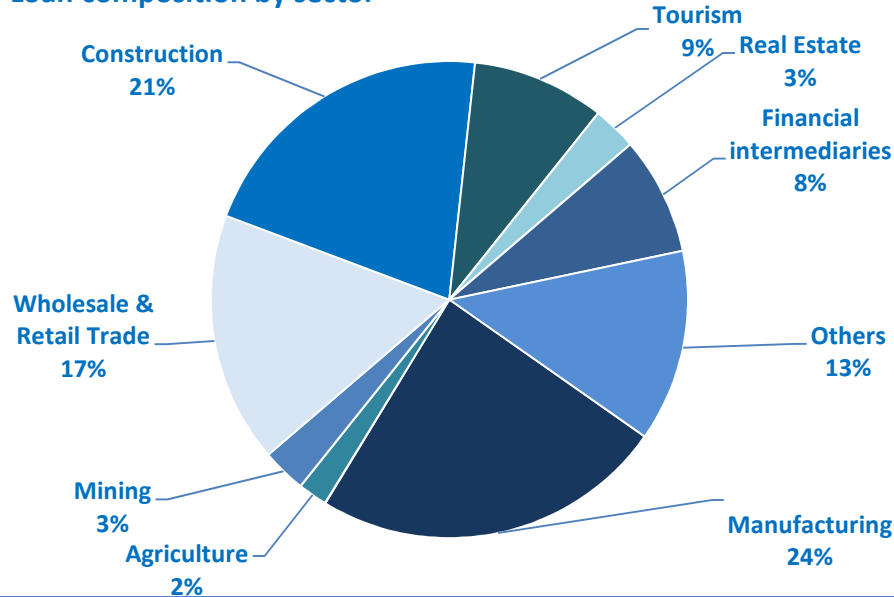
(2) Sub debt and Borrowings included

Asset & Liabilities Composition

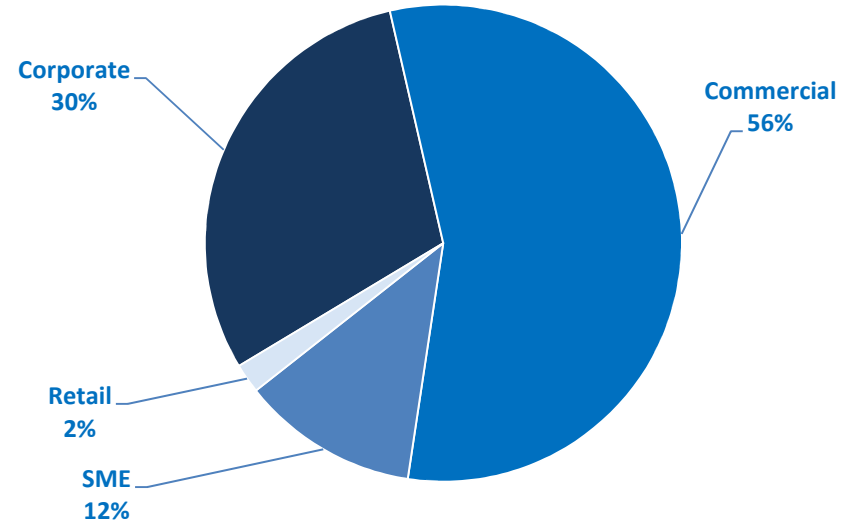


Loan Growth Well Above Market Average

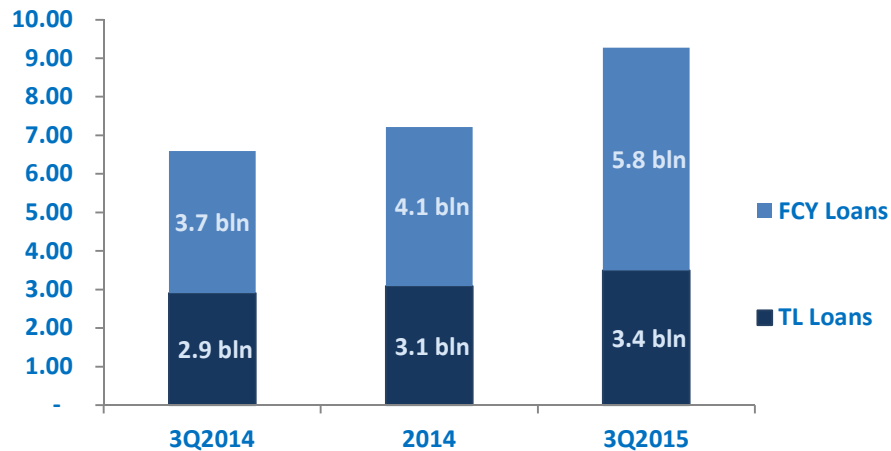
Loan composition by sector



Loan composition by customer segment



Loan Growth(billion TRY)



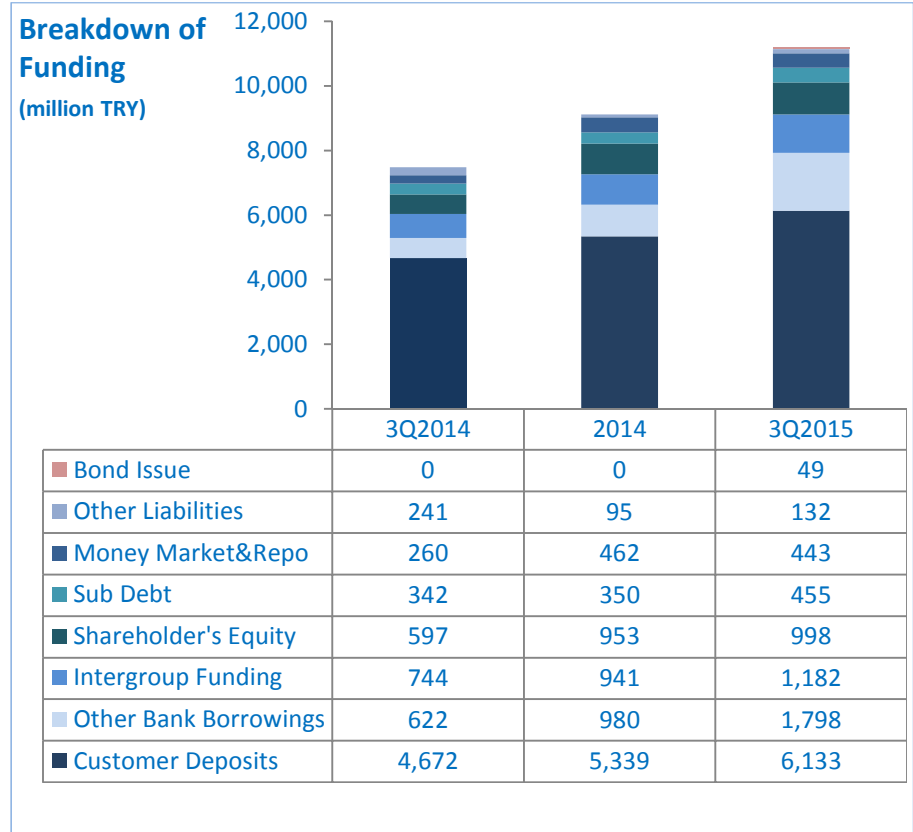
Definition of customer segment

- 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

➤ As of 3Q 2015 loan portfolio showed a remarkable year on year growth with **40.7%** which was well above the system average of **24.9%**

Diversified Funding Structure

Funding structure (million TRY)					
	3Q2014	2014	3Q2015	YtD	YoY
Customer Deposits	4,672	5,339	6,133	14.9%	31.3%
Borrowings	1,971	1,921	2,980	55.1%	51.2%
Intergroup Funding	744	941	1,182	25.6%	58.9%
EIB	72	106	109	2.8%	51.4%
Other Bank Borrowings	426	784	1,572	100.5%	269.0%
Eximbank	124	90	117	30.0%	-5.6%
Sub Debt	342	350	455	30.0%	33.0%
Money Market&Repo	260	462	443	-4.1%	70.4%
Bond Issue	0	0	49	NA	NA
Other Liabilities	241	95	132	38.9%	-45.2%
Shareholder's Equity	597	953	998	4.7%	67.2%

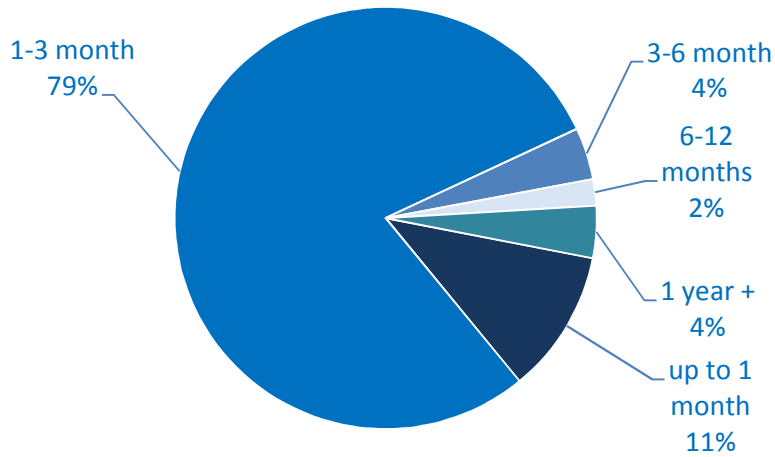


- Syndication loan agreement of **77mioUSD** and **42mioEUR (124mioUSD)** was signed by the end of June/2015 with participation of 12 banks from 6 countries
- Commitment of Burgan Bank SAK still continues with a balance of **250mioUSD** in intergroup funding

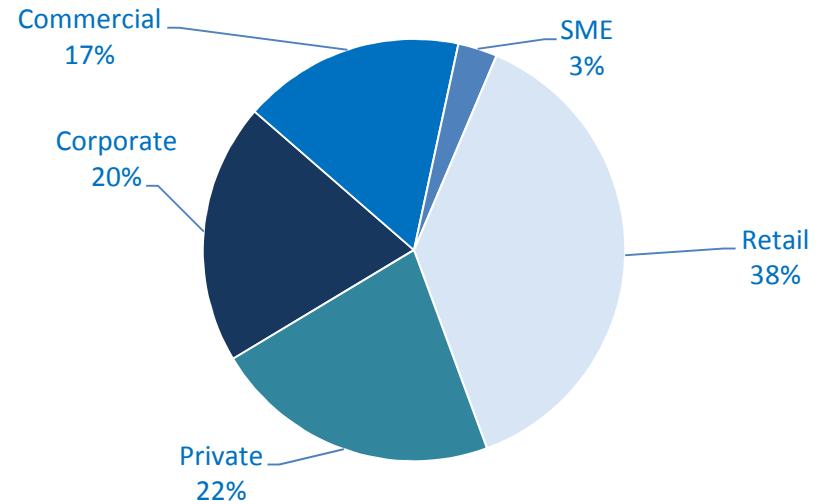
- Third party funding sources increased significantly through the increased cooperation with Correspondent Banks.
- Bonds issued by Burgan Leasing

Deposits Are The Main Funding Source

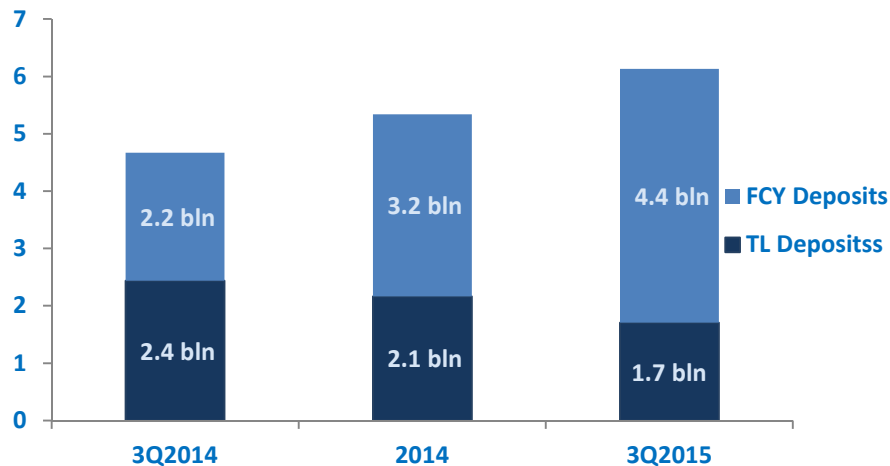
Deposit composition by maturity



Deposit composition by customer segment

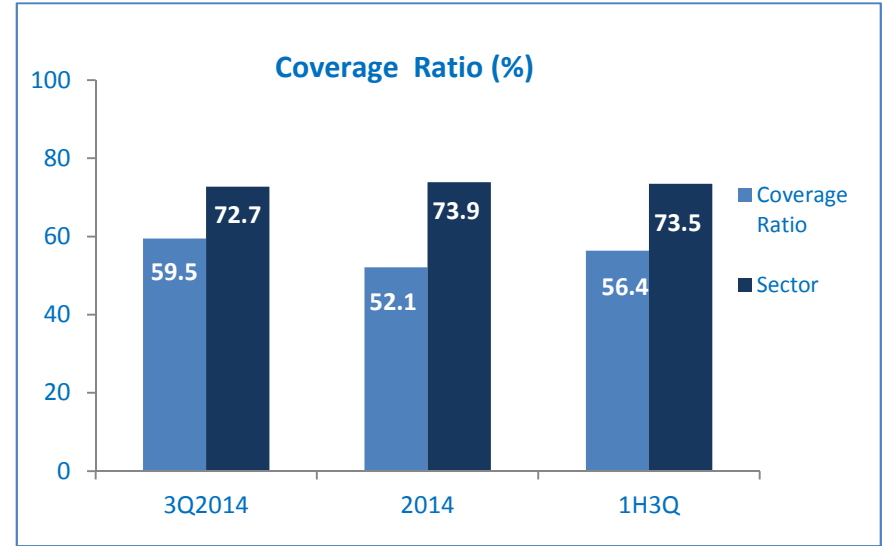
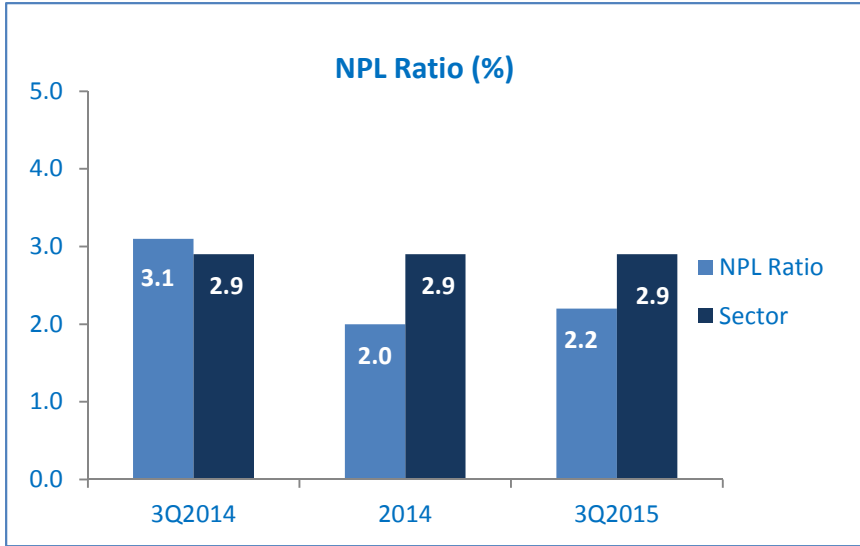


Deposit Growth(billion TRY)



- As of 3Q2015 **31.3%** deposit growth is achieved year -on-year whilst the sector average was **24.4%**
- Well diversified deposit portfolio. The Total of Top 20 deposits receives a share of **25%** out of Total Deposits.
- The biggest depositor share is **2.4%**

Improved Asset Quality



NPL KPIs

	3Q2014	2014	3Q2015
Gross Loans (million TRY)	6,716	7,289	9,388
NPL's(million TRY)	210	146	207
NPL Ratio	3.1%	2.0%	2.2%
NPL, net of collateral	152	102	132
NPL coverage, net of collateral	86.4%	78.5%	93.2%

- Asset quality remains strong with NPL ratio of 2.2% below the sector average of 2.9%
- Provisioning is in line with BRSA rules and regulations.
- Coverage ratio is below sector average due to the structure of the Loan portfolio.

Strong Capitalization to Support Future Growth

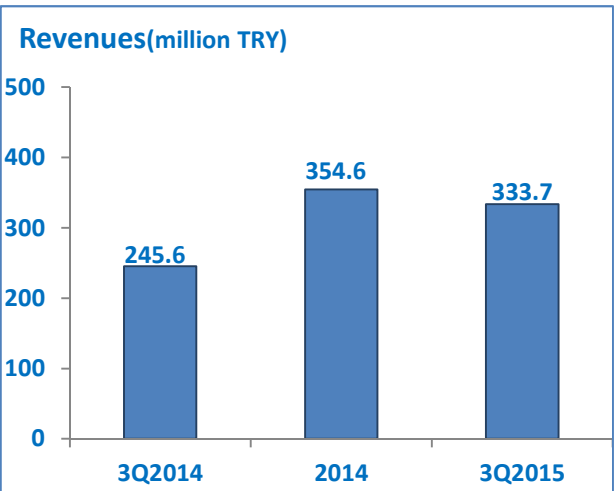
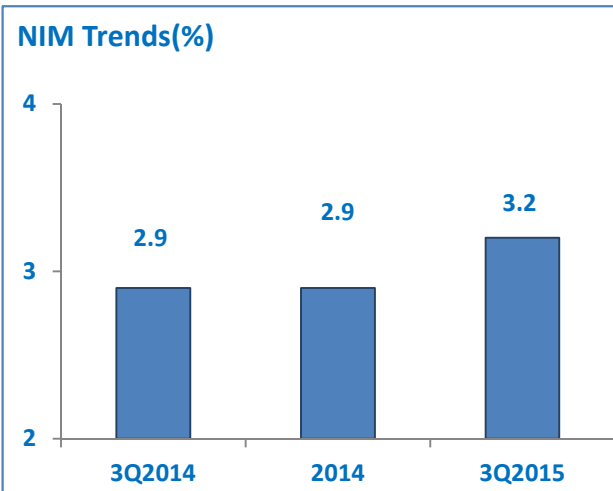
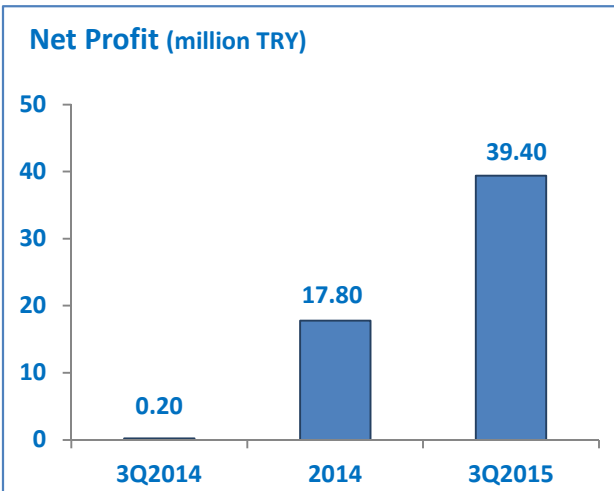
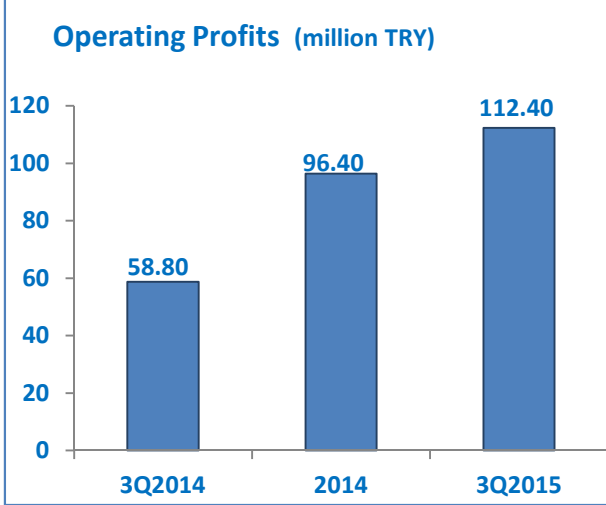
	3Q2014	2014	3Q2015
Shareholder's Equity (million TRY)	597	953	998
CAR Ratio (%)	14.64	16.12	14.5
Tier 1 Ratio (%)	7.63	11.45	9.39

➤ CAR and Tier1 ratios consistently well above minimum requirements

Progress in Earnings

(million TRY)	3Q2014	2014	3Q2015	Ytd(*)	YoY
Total Interest Income	479.0	674.0	665.4	31.6%	38.9%
Total Interest Expense	309.9	426.5	400.8	25.3%	29.3%
Net Interest Income	169.0	247.5	264.6	42.5%	56.6%
Total Revenues	245.6	354.6	333.7	25.5%	35.9%
Total Operating Expenses	186.7	258.2	221.3	14.3%	18.5%
Operating Income	58.8	96.4	112.4	55.5%	91.2%
Provision	56.3	71.1	60.5	13.5%	7.5%
Net Profit	0.2	17.8	39.4	194.4%	

(*) Calculation is based on annualized figures



- **264.6mioTRY** net interest income was realized in 3Q2015
- The bank's cost to income ratio is **66.3%** as of 3Q2015

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Thank you

