



Burgan Bank A.Ş. Turkey (BBT)

**June 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	700	685
Population (mil)	77.7	78.6	80.5
GDP per capita (USD)	10,390	9,000	9,800
Real GDP (% change)	2.9%	2.7%	3.3%
CPI (Inflation)	8.2%	8.0%	7.5%
Gov. Debt (USD bln)	270.0	238.0	240.0
Gov. Debt / GDP	33.5%	34.0%	35.0%
Current Account Bal. / GDP	-5.8%	-5.4%	-6.0%
Forex Reserves (USD bln)	126	120	110
Trade Balance (USD bln)	-85	-68	-74
Export (USD bln)	158	148	156
Imports (USD bln)	242	216	230

(*) Source: Burgan Securities Co. Macroeconomic Research

Recent Developments

With Jun'15 elections having failed to produce a new government and hence ensure political stability, political outlook remains hazy ahead of the upcoming re-elections on November 1. Following a 3.8% yoy expansion in 2Q, economic indicators signal some deceleration in GDP growth in 3Q, driven by a relative tightness in financial conditions, mounting political uncertainties and concerns on the strength of global economic growth. On the other hand, inflation reverts to an upward trajectory given the pass-through from a weaker TRL, a limited correction in food prices and a low base effect. The rebalancing process is expected to continue in the rest of the year; though the gains so far this year have trailed our initial projections. Fiscal performance has been consistent with targets so far in 2015; yet, a relative weakening seems in the cards for the coming months.

Operating Environment Turkish Banking Sector

Number of Banks: 52

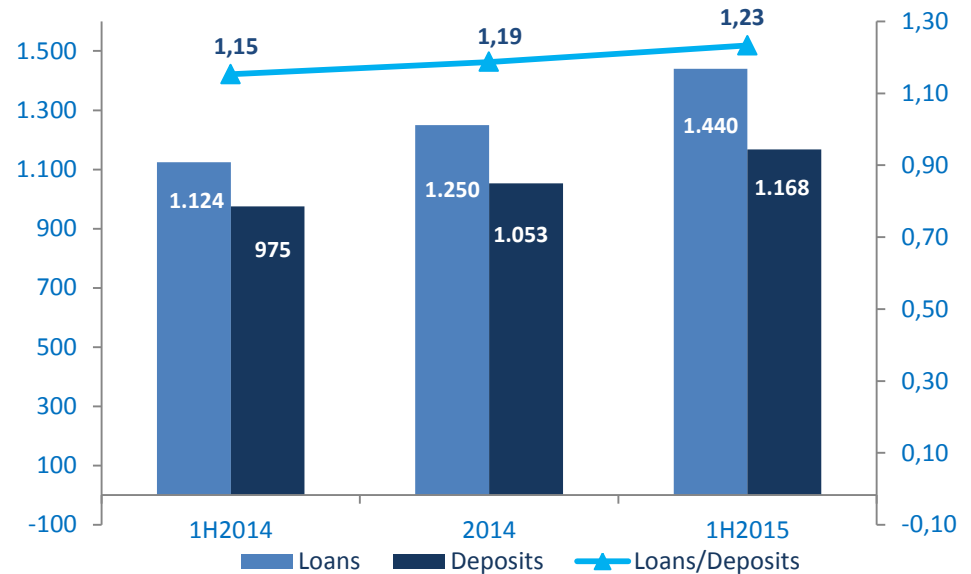
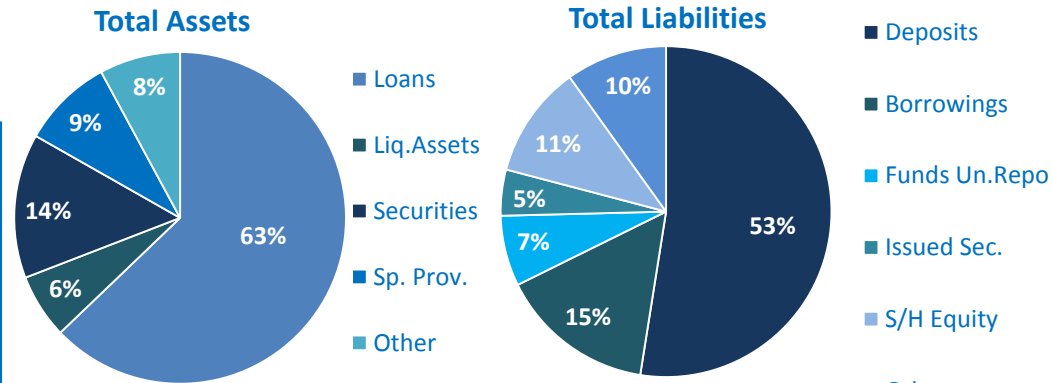
➤ Number of Depository Banks: 34

Growth (billionTRY)	1H2014	2014	1H2015	YtD	YoY
Total Assets	1,830	1,994	2,223	11.5%	21.5%
Total Deposits	975	1,053	1,168	10.9%	19.8%
Total Loans	1,124	1,250	1,440	15.2%	28.1%
Net Profit	12.4	24.6	13.6	10.6%	9.7%

(*Annualized)

Key B/S Ratios(%)	1H2014	2014	1H2015
ROA	1.4	1.3	1.3
ROE	12.5	12.2	11.9
NPL	2.7	2.9	2.9
CAR	16.3	16.3	15.4
NIM	3.4	3.5	3.5
Coverage	75.4	73.9	74.5
Loan/Deposit	116.1	118.8	120.7
Total Assets/GDP	109.1	115.3	120.0
Total Loans/GDP	67.4	72.3	76.1
Total Deposits/GDP	58.1	60.9	63.1

Source: BRSA



Burgan Bank SAK

Sound and Consistent Financial Performance

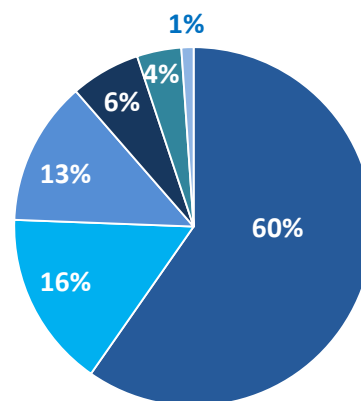
- Strongly positioned regional Bank in the MENA region as a subsidiary of KIPCO(Kuwait Projects Company)
- Listed on Kuwait Stock Exchange with a market cap of 2.7 bn \$
- Having a network of 240 branches across 8 countries
- Carrying an asset size of 26.5 bn \$

Shareholding Structure

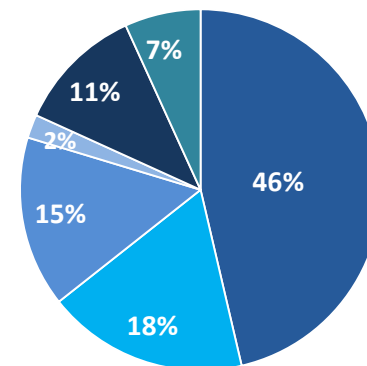
- KIPCO 40.87%
- United Gulf Bank 17%
- Wafra Int. Inv. Comp Kuwait 7.19%
- Free float 34.94%

<i>Financial Performance</i>	<i>1H2014 vs. 1H2015</i>
Revenue Growth (YoY)	12.6%
Operating Profit Growth (YoY)	14.8%
Cost to Income Ratio	44.4%
Loans to Cust. Deposits	92.4%
Liquidity Ratio	31.3%
NPA Ratio	3.2%
NPA net of Collateral Ratio	1.7%
ROE	14.0%

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 54 % in Revenues
- Burgan Bank, Turkey is ranked as the biggest contributor among Burgan Subsidiary Banks in Loans + Deposit share as well as revenue generation

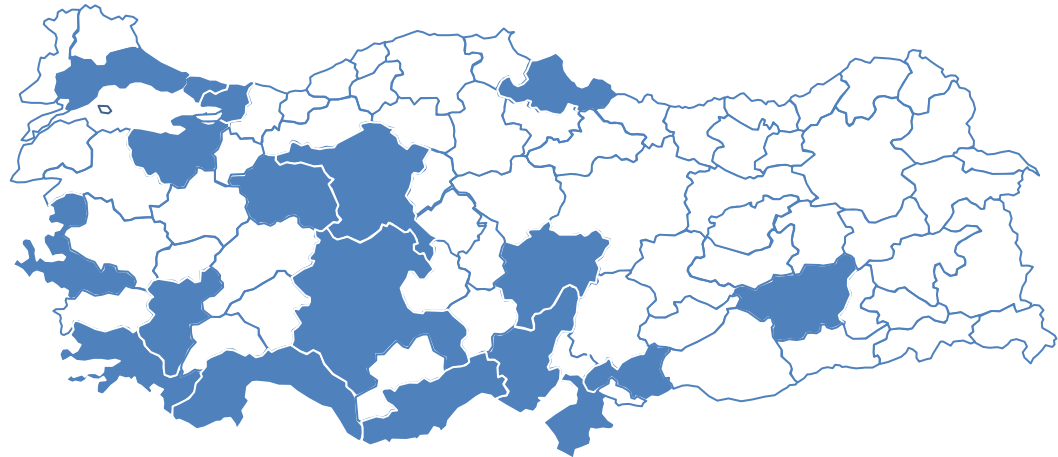
Burgan Bank A.Ş. at a Glance

- Burgan Bank A.Ş. is 99.26% owned by Burgan Bank SAK, Kuwait
- Has 55 Branches well spread out of the whole country
 - 26 Branches in Istanbul
 - 29 Branches out of Istanbul
 - 31 Combo Branches (Providing Commercial and Retail Banking Services)
 - 20 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 **18** cities, producing 85% of total GDP

Performance Trends

Growing Balance Sheet

Balance Sheet (million TRY)

	1H2014	2014	1H2015	YtD	Y/Y
Total Assets	7,227.7	9,487.3	10,435.4	10.0%	44.4%
Loans ¹	5,529.2	7,215.1	8,589.1	19.0%	55.3%
Securities	647.1	794.6	272.5	-65.7%	-57.9%
Deposits	3,461.6	5,339.4	5,551.2	4.0%	60.4%
Borrowings	1,863.2	1,920.7	2,649.6	37.9%	42.2%
Subordinated Loan	319.3	350.0	403.7	15.3%	26.4%
Shareholders' Equity	593.0	953.0	986.3	3.5%	66.3%

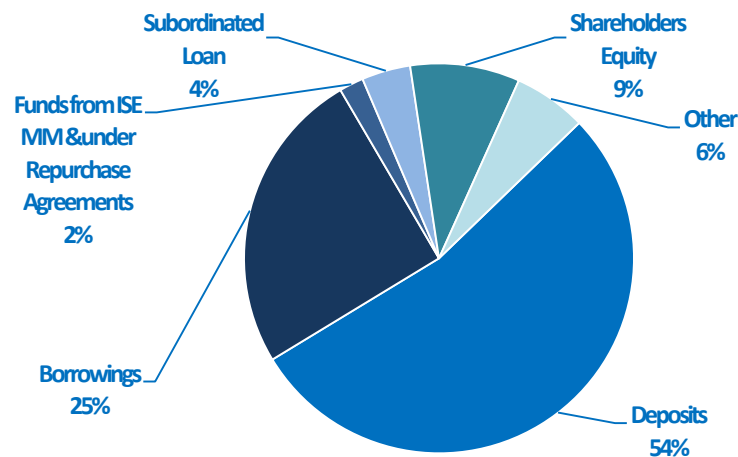
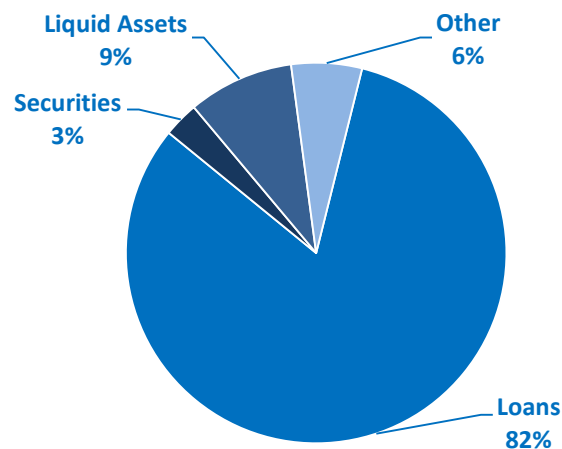
Balance Sheet Ratios

	1H2014	2014	1H2015
Loans / Assets	76%	76%	82%
Securities / Assets	9%	8%	3%
Loans / Deposits	160%	135%	155%
Loans / Deposits ²	104%	95%	100%

(1) Factoring and Leasing Receivables Included

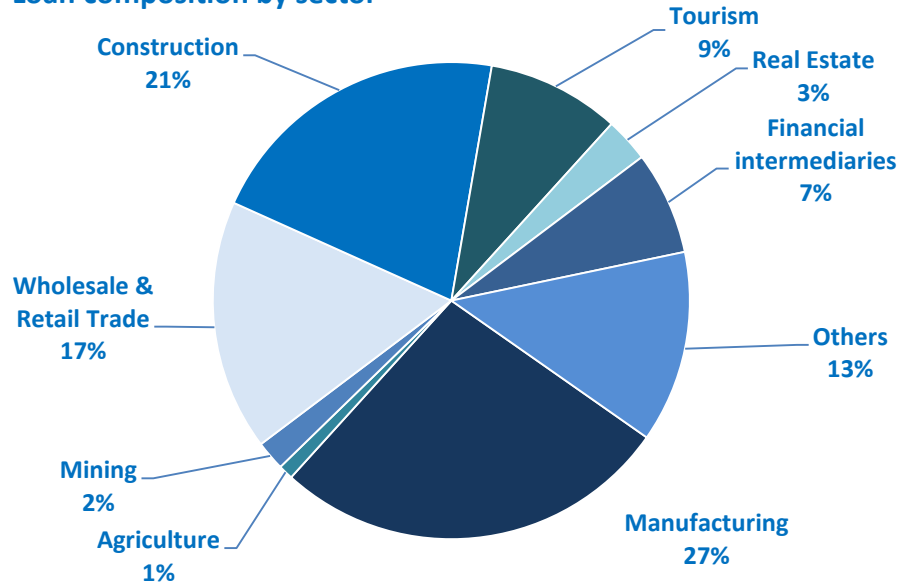
(2) Sub debt and Borrowings included

Asset & Liabilities Composition

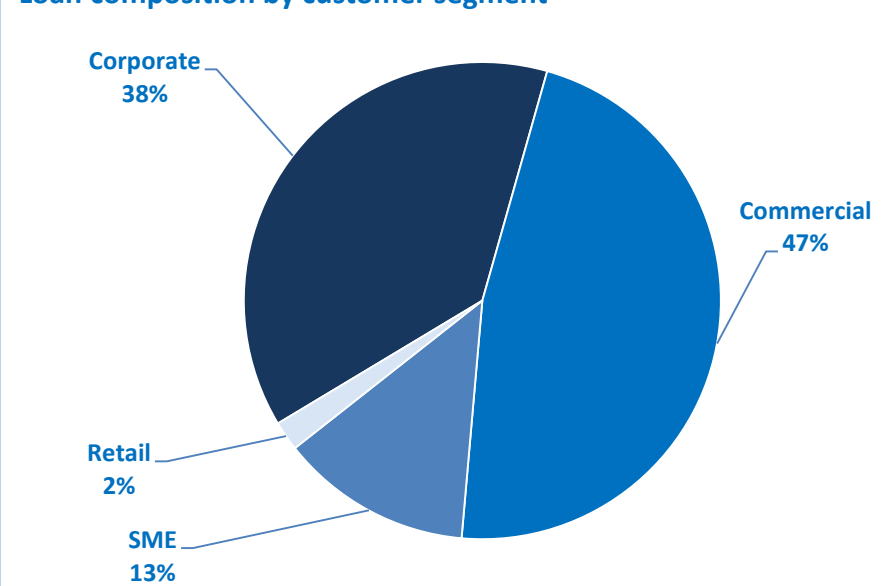


Loan Growth Well Above Market Average

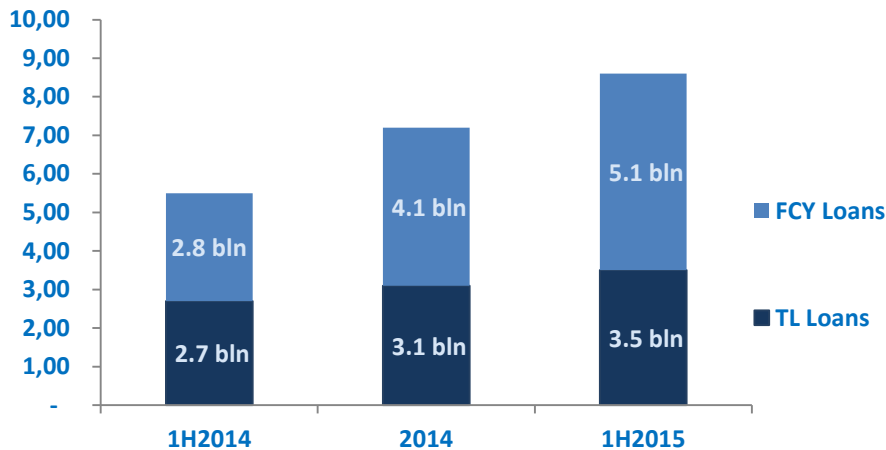
Loan composition by sector



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

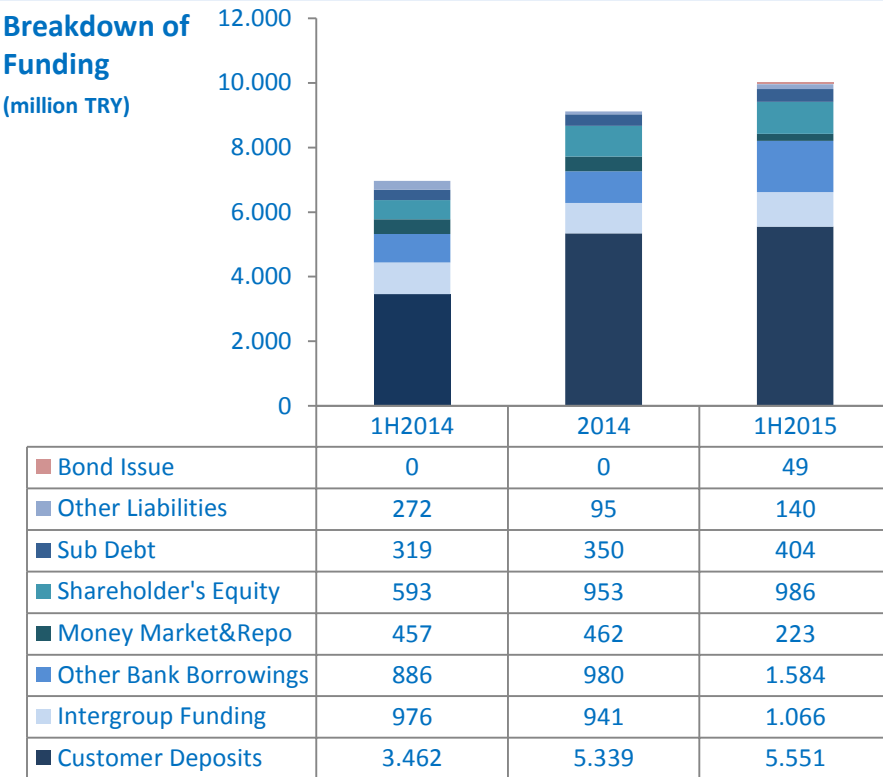
➤ As of 1H 2015 loan portfolio showed a remarkable year-to-year growth with **55.3%** which was well above the system average of **28.1%**

Diversified Funding Structure

Funding structure (million TRY)

	1H2014	2014	1H2015	YtD	YoY
Customer Deposits	3,462	5,339	5,551	4.0%	60.3%
Borrowings	1,863	1,921	2,650	37.9%	42.2%
Intergroup Funding	976	941	1,066	13.3%	9.2%
EIB	123	106	96	-9.4%	-22.0%
Other Bank Borrowings	640	784	1,387	76.9%	116.7%
Eximbank	123	90	101	12.2%	-17.9%
Sub Debt	319	350	404	15.4%	26.6%
Money Market&Repo	457	462	223	-51.7%	-51.2%
Bond Issue	0	0	49	NA	NA
Other Liabilities	272	95	140	47.4%	-48.5%
Shareholder's Equity	593	953	986	3.5%	66.3%

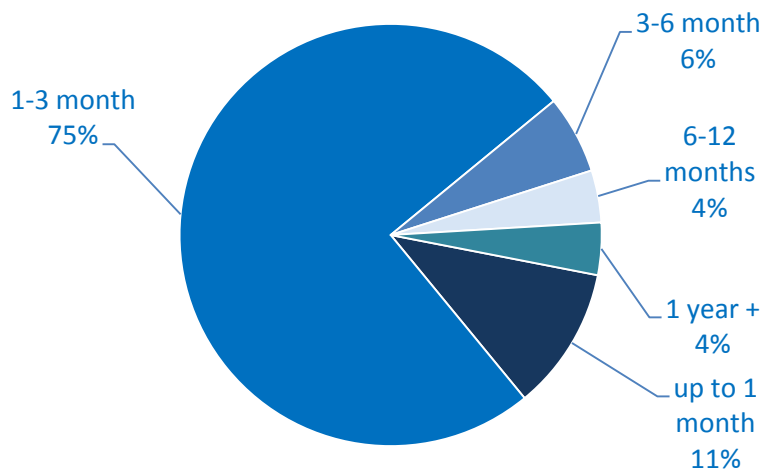
Breakdown of Funding (million TRY)



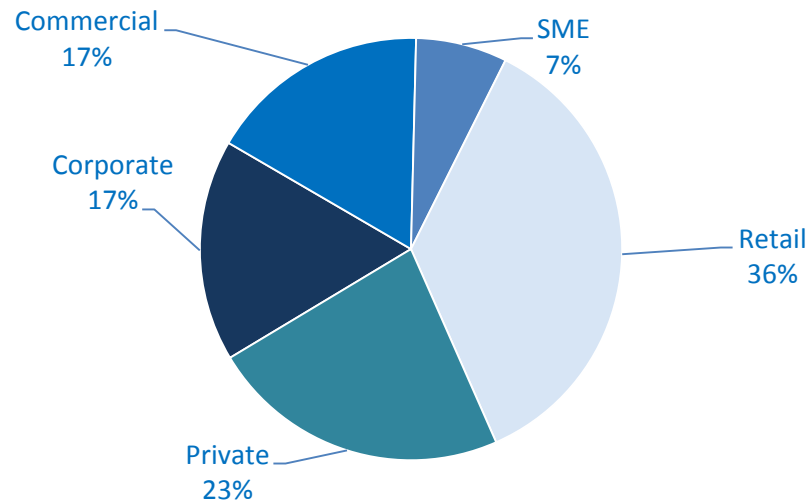
- Capital injection was realized by converting 330mioTRY from intergroup funding into the paid in capital
- Commitment of Burgan Bank SAK still continues with a balance of **250mioUSD** in intergroup funding
- Third party funding sources increased significantly through the increased cooperation with Correspondent Banks.
- Bonds issued by Burgan Leasing

Deposits Increased Five Fold Market Average

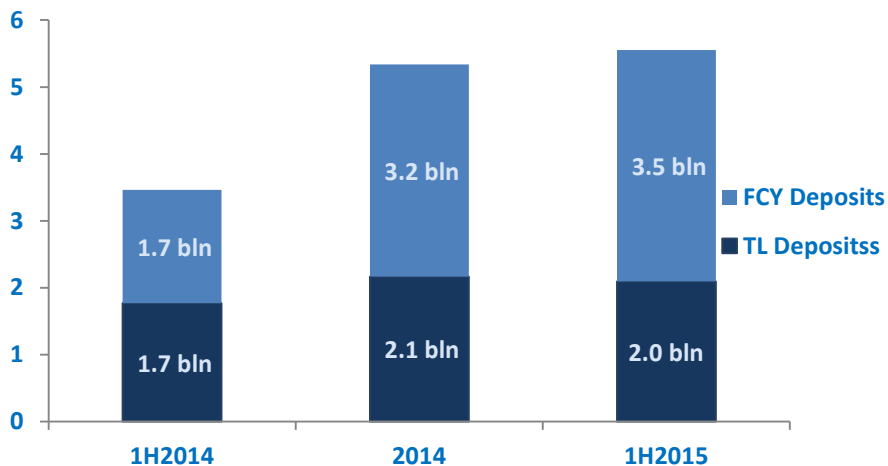
Deposit composition by maturity



Deposit composition by customer segment

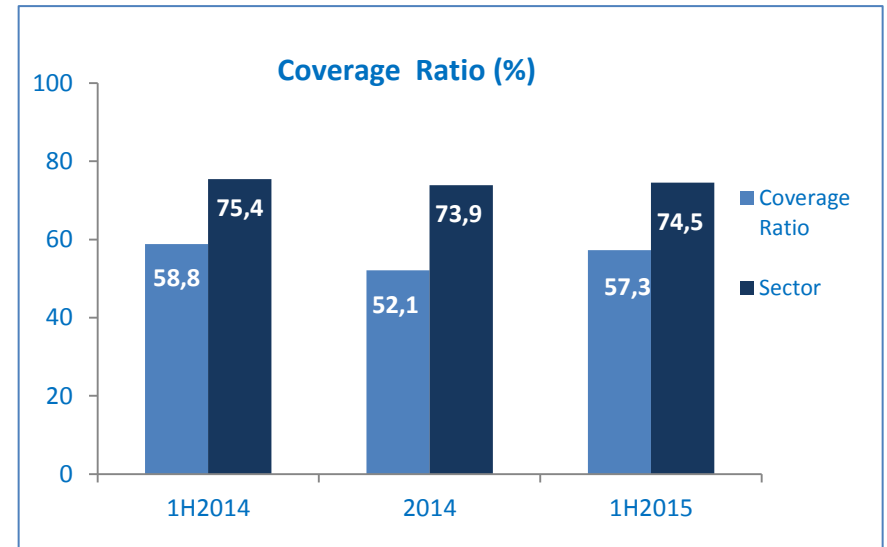
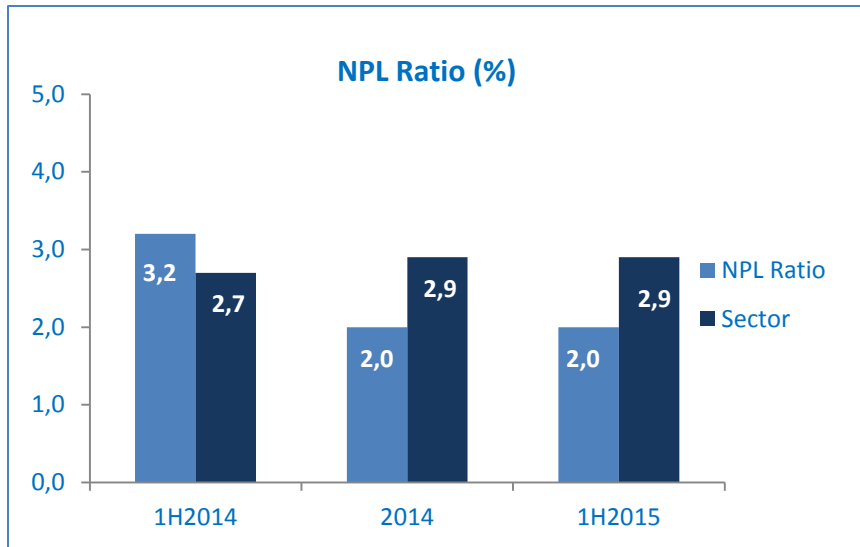


Deposit Growth(billion TRY)



- As of 1H2015 **60.4%** deposit growth is achieved year -on-year whilst the system average was **19.8%**
- Well diversified deposit portfolio. The Total of Top 20 deposits receives a share of **20.9%** out of Total Deposits.
- The biggest depositor share is **2.2%**

Improved Asset Quality



NPL KPIs

	1H2014	2014	1H2015
Gross Loans (million TRY)	5,636	7,289	8,690
NPL's(million TRY)	181	146	177
NPL Ratio	3.2%	2.0%	2.0%
NPL, net of collateral	134	102	119
NPL coverage, net of collateral	84.8%	78.5%	90.0%

- 71.8mioTRY NPL was sold and NPL ratio came down from 3.2% to 2.0% as of 2014 year-end.
- 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

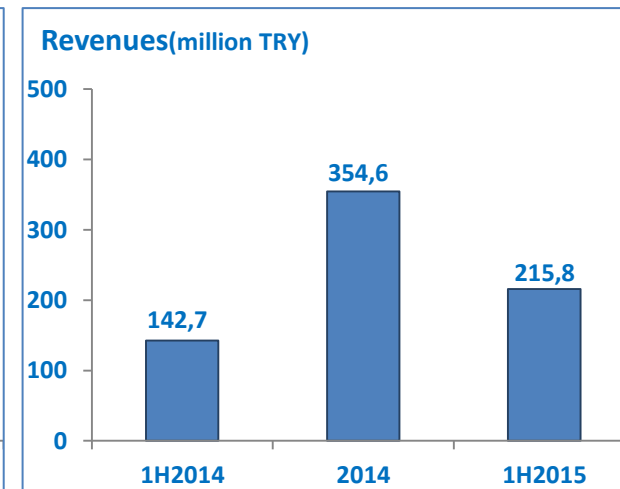
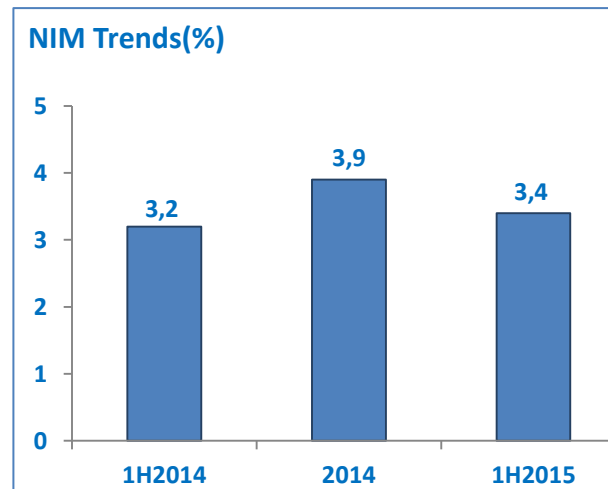
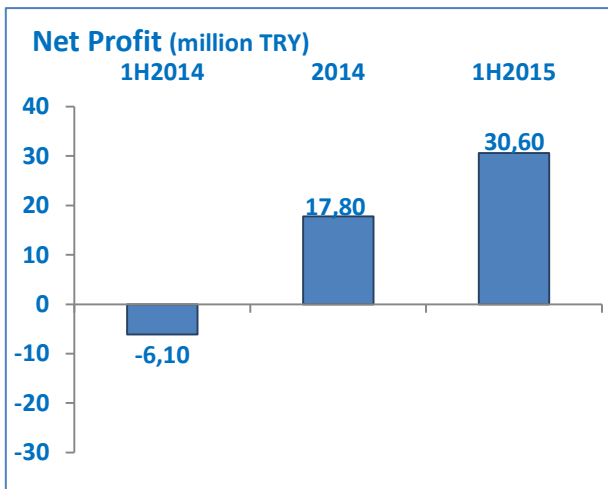
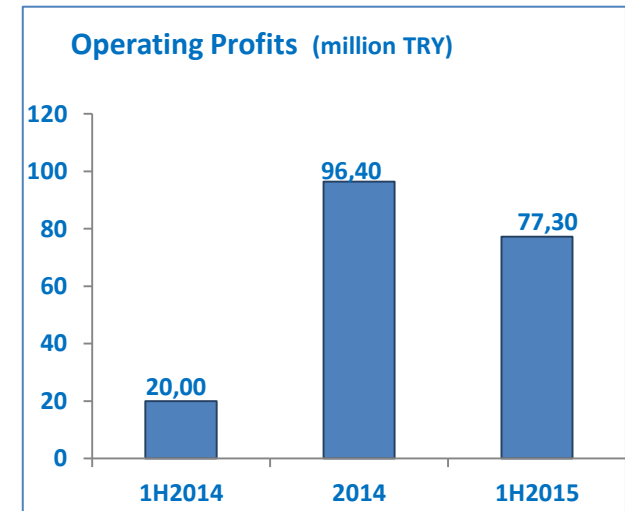
	1H2014	2014	1H2015
Shareholder's Equity (million TRY)	593	953	986
CAR Ratio (%)	15.57	16.12	15.06
Tier 1 Ratio (%)	8.55	11.45	10.19

- Paid in capital of the bank was increased by **330mioTRY** and reached to **900mioTRY**

Progress in Earnings

(million TRY)	1H2014	2014	1H2015	Ytd(*)	Y/Y
Total Interest Income	303.5	674.0	423.9	25.8%	39.7%
Total Interest Expense	202.1	426.5	252.8	18.5%	25.1%
Net Interest Income	101.3	247.5	171.1	38.3%	68.9%
Total Revenues	142.7	354.6	215.8	21.7%	51.2%
Total Operating Expenses	122.7	258.2	138.5	7.3%	12.9%
Operating Income	20.0	96.4	77.3	60.4%	286.5%
Provision	27.5	71.1	38.3	7.7%	39.3%
Net Profit	-6.1	17.8	30.6	243.8%	

(*) Calculation is based on annualized figures



- **171.1mioTRY** net interest income was realized in 1H2015
- The bank's cost to income ratio is **64.1%** as of 1H2015

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Thank you

