



Burgan Bank A.Ş. Turkey (BBT)

**December 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	718	720
Population (mil)	76.9	77.7	78.6
GDP per capita (USD)	10,390	9,235	9,250
Real GDP (% change)	2.9%	3.8%	3.3%
CPI (Inflation)	8.2%	8.4%	8.5%
Gov. Debt (USD bln)	267	235	235
Gov. Debt / GDP	33.5%	32.6%	32.5%
Current Account Bal. / GDP	-5.8%	-4.5%	-5.0%
Forex Reserves (USD bln)	126	113	108
Trade Balance (USD bln)	-85	-63	-66
Export (USD bln)	158	144	149
Imports (USD bln)	242	207	215

(*) Source: Burgan Securities Macroeconomic Research

Recent Developments

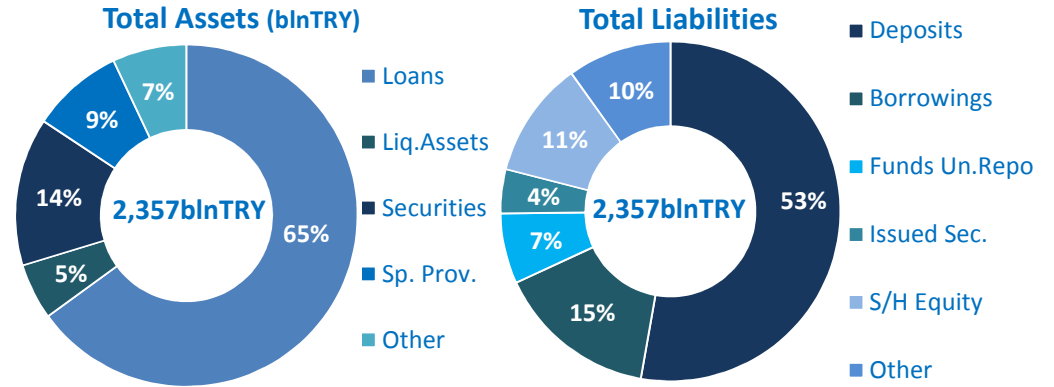
After a strong recovery in 4Q, 2015 GDP growth seems to have surpassed expectations, with around 4% annual increase. Leading indicators portend a mild slowdown in 1Q16, reinforcing our 3.3% GDP growth forecast for 2016. We expect 2016 GDP to be driven mainly by private demand, on the back of the latest fiscal stimulus and an accommodative monetary policy. On the other hand, inflation remains elevated at above 9%, given the pass-through from a softer TRL; high food inflation; and tax/price adjustments in administered products. C/A deficit receded to 4.5% of the GDP as of YE15, thanks to lower energy imports and net gold exports. However, exports remain subdued on the back of mounting geopolitical risks, despite a gradual recovery in exports to the EU. Fiscal performance is expected to deteriorate slightly in 2016, driven by election promises and compensation of the minimum wage hike; yet, low debt ratios continue to serve as a key factor to uphold Turkey's investment grade status.

Operating Environment Turkish Banking Sector

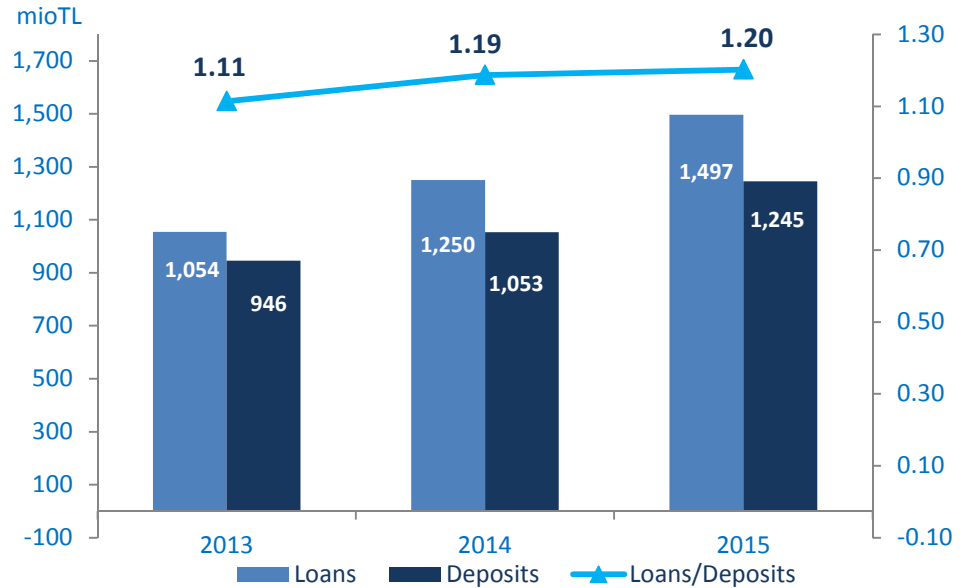
Number of Banks: 52

➤ Number of Depository Banks: 34

Growth (billionTRY)	2013	2014	2015	YoY
Total Assets	1,732	1,994	2,357	18.2%
Total Deposits	946	1,053	1,245	18.2%
Total Loans	1,054	1,250	1,497	19.8%
Net Profit	24.7	24.6	26.0	5.9%



Key B/S Ratios(%)	2013	2014	2015
ROA	1.6	1.3	1.2
ROE	14.2	12.2	11.3
NPL	2.8	2.9	3.1
CAR	15.3	16.3	15.6
NIM	3.1	3.5	3.5
Coverage	76.3	73.9	74.6
Loan/Deposit	111.5	118.8	120.2
Total Assets/GDP	110.7	115.3	122.3
Total Loans/GDP	67.4	72.3	77.7
Total Deposits/GDP	60.4	60.9	64.6



Source: BRSA

Burgan Bank K.P.S.C.

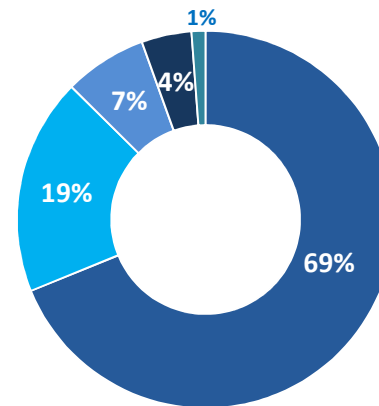
Sound and Consistent Financial Performance

- One of the leading financial institutions with a growing presence 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 \$
- Has a strong domestic franchise with 15% market share of assets in Kuwait
- International presence with its subsidiary/group banks in different regions:
 - Turkey – Burgan Bank A.S.
 - Algeria – Gulf Bank Algeria
 - Iraq – Bank of Baghdad
 - Jordan – Jordan Kuwait Bank⁽¹⁾
 - Malta – Fimbank / LFC
 - Tunis – Tunis International Bank
- Diversification of funding continued: \$350m club loan raised

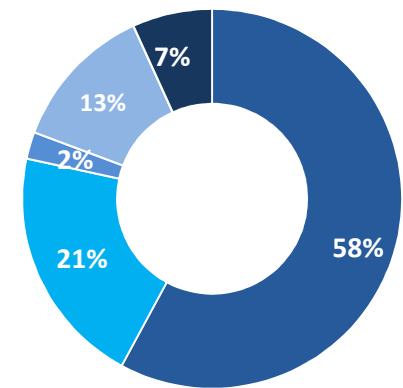
Ratings	Bank	Sovereign
Moody's	A3	Aa2
S&P	BBB+	AA
Fitch	A+	AA

Financial Performance	2015
Revenue Growth (YoY)	13.3%
Operating Profit Growth (YoY)	16.5%
Cost to Income Ratio	43.5%
Loans to Cust. Deposits	103.5%
Liquidity Ratio	28.6%
NPA Ratio	3.8%
NPA net of Collateral Ratio	1.4%
ROE	14.2%

Loan+Deposit by Operations



Revenues by Operations



■ Kuwait ■ Turkey ■ Algeria ■ Iraq ■ Tunisia

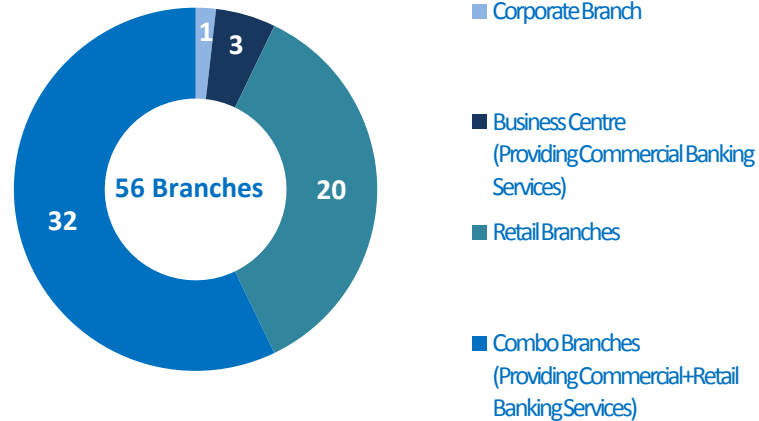
- International operations contributing 31% in Total Assets and 42% in Revenues
- Burgan Bank, Turkey is ranked as the biggest contributor among Burgan Subsidiary Banks in Loans + Deposit share as well as revenue generation

(1) On 30.12.2015 Burgan Bank sold its 51.19% share in Jordan Kuwait Bank to a subsidiary that belongs to KIPCO Holding. The transaction enabled Burgan Bank SAK to support growth in its core markets without raising additional capital. The sale resulted in over KD75m increase in CET1 capital and +KD500m reduction in RWAs.

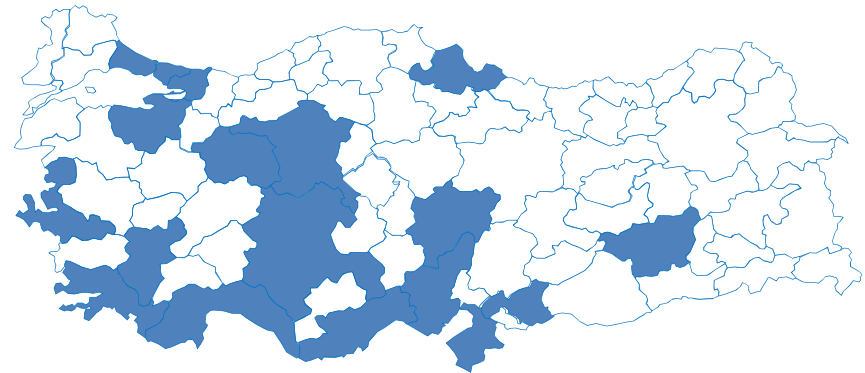
Burgan Bank A.Ş. At a Glance

- Incorporated in 1989 as Tekfen Yatırım Bankası AŞ
- Became a Burgan Group member as of December 2012. Burgan Bank SAK acquired **99.26%** of its shares.
- Rated by **Moody's**
 - Long Term Global Local Currency : **Ba3**
- Enables better service and strengthens client relationships through its subsidiaries:
 - **Burgan Leasing**
 - **Burgan Securities**
 - **Burgan Portfolio Management**

Segment-wise Branch Distribution



- Well spread out in country with **56** Branches across **18** cities producing 85% of total GDP



Burgan Bank A.Ş. 2015 Achievements

Growth

- Total asset size increased by **22%**
- Loans expanded by **27.4%** , well above the system average of **20%**
- **23.8%** grew achieved in deposits

Asset Quality

- The asset quality of the bank is improving with NPL ratio of **2.6%**

Funding

- **200.8mioUSD** hike in Borrowings from the international markets
- **20mioEUR** long-term funding from **European Fund for Southeast Europe(EFSE)**
- **124mio\$** debut syndication loan with the participation of **12** banks from **6** countries.
- Sound customer deposit base, with deposits accounting for around **57%** of total liabilities

Capital

- Well positioned Capital Base with a CAR of **14.49%** and Tier 1 Ratio of **9.4%**

Profitability

- Significant increase of **193.3%** in Profitability due to the upward trend in net interest income.

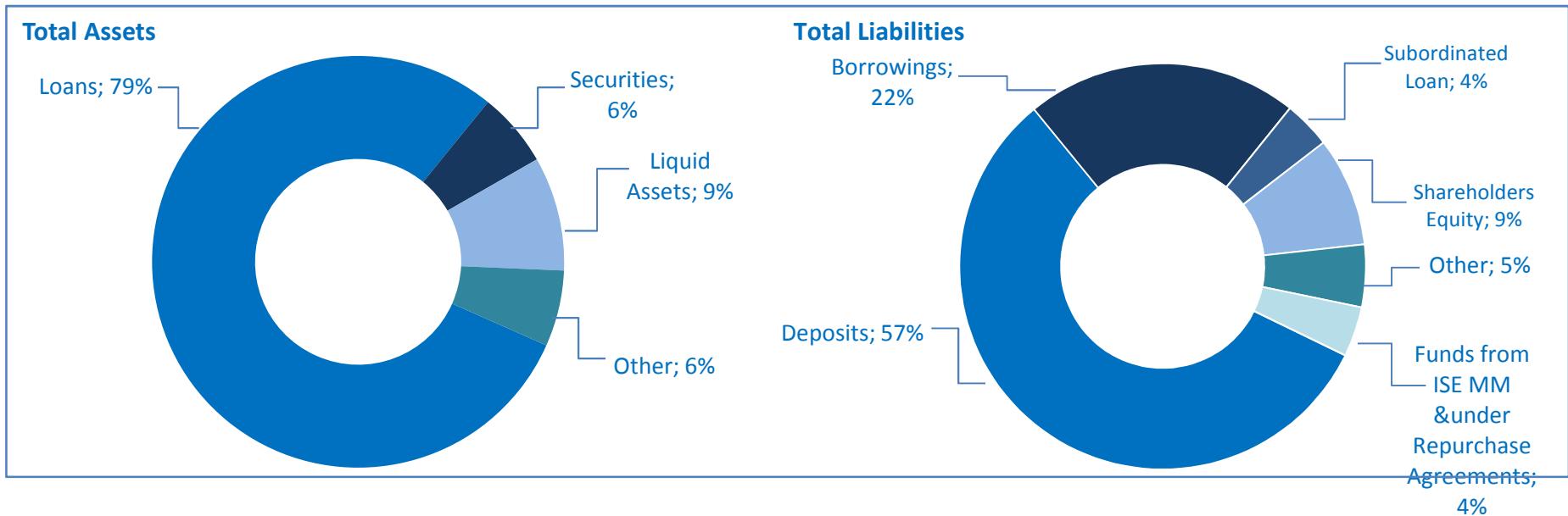
Performance Trends

Sustainable Balance Sheet Growth

Balance Sheet (million TRY)	2013	2014	2015	YoY
Total Assets	7,304.4	9,487.3	11,573.1	22.0%
Loans ¹	5,241.9	7,215.1	9,195.1	27.4%
Securities	949.6	794.6	679,5	-14.5%
Deposits	3,407.9	5,339.4	6,611.5	23.8%
Borrowings	1,751.4	1,920.7	2,522.2	31.3%
Subordinated Loan	320.5	350.0	438.9	25.4%
Shareholders' Equity	591.2	953.0	1,012.5	6.2%

Balance Sheet Ratios	2013	2014	2015
Loans / Assets	72%	76%	79%
Securities / Assets	13%	8%	6%
Loans / Deposits	154%	135%	139%
Loans / Deposits ²	96%	95%	96%

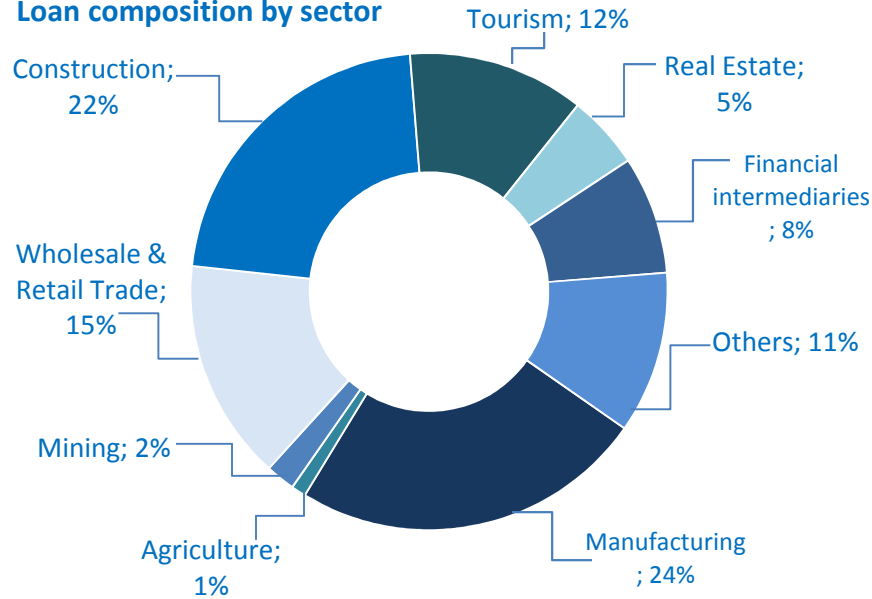
(1) Factoring and Leasing Receivables Included
 (2) Sub debt and Borrowings included



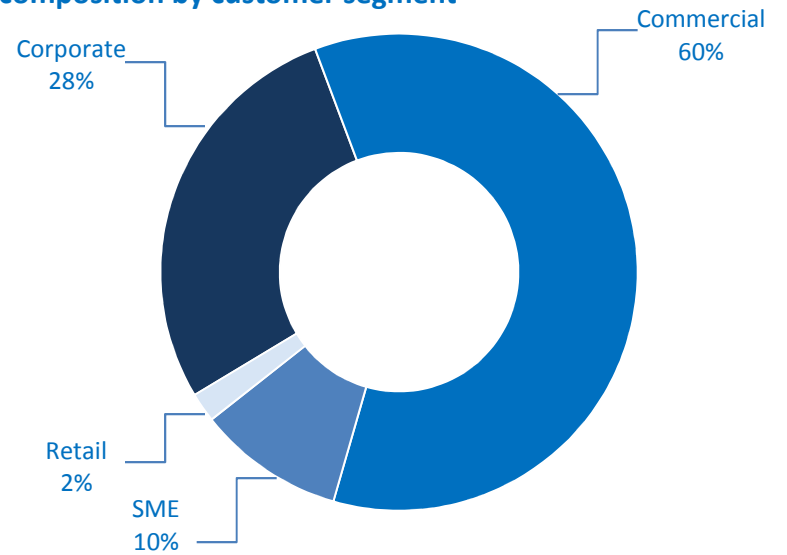
Loan Growth Above The Market Average

Commercial and Corporate Loans – the biggest contributor

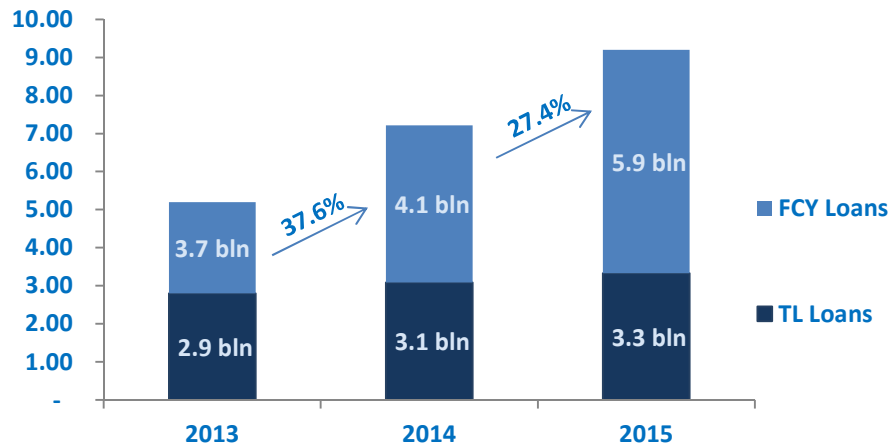
Loan composition by sector



Loan composition by customer segment



Loan Growth(billion TRY)



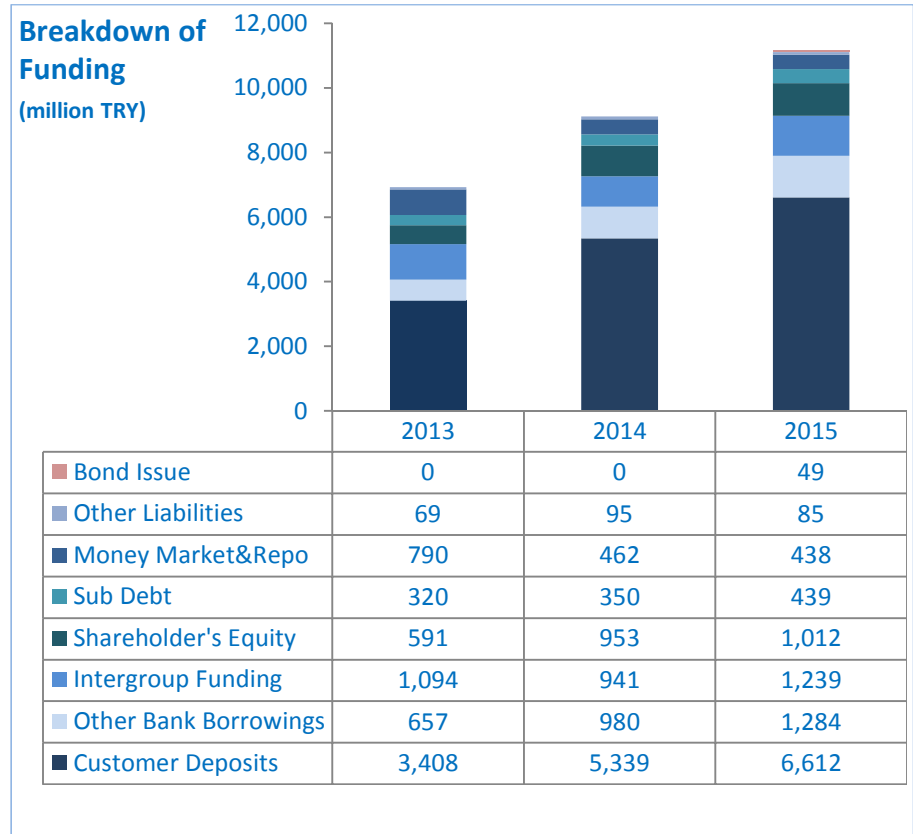
Definition of customer segment

- 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

Rising Funding Availabilities

Third Party Funding Sources – the highest increase

Funding structure (million TRY)				
	2013	2014	2015	YoY
Customer Deposits	3,408	5,339	6,612	23.8%
Borrowings	1,751	1,921	2,522	31.3%
Intergroup Funding	1,094	941	1,239	31.6%
EIB	143	106	81	-23.6%
Other Bank Borrowings	379	784	1,096	39.8%
Eximbank	135	90	107	19.0%
Sub Debt	320	350	439	25.4%
Money Market&Repo	790	462	438	-5.2%
Bond Issue	0	0	49	
Other Liabilities	69	95	85	-10.2%
Shareholder's Equity	591	953	1,013	6.2%

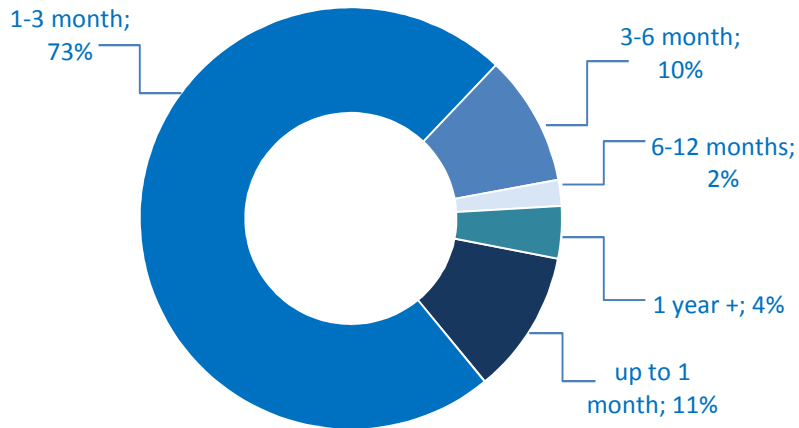


- Syndication loan agreement of **77mioUSD** and **42mioEUR (124mioUSD)** was signed by the end of June/2015 with participation of 12 banks from 6 countries
- Commitment of Burgan Bank K.P.S.C. continues with a balance of **424mioUSD** in intergroup funding
- Third party funding sources increased significantly through strong cooperation with Correspondent Banks.
- Bonds issued by Burgan Leasing

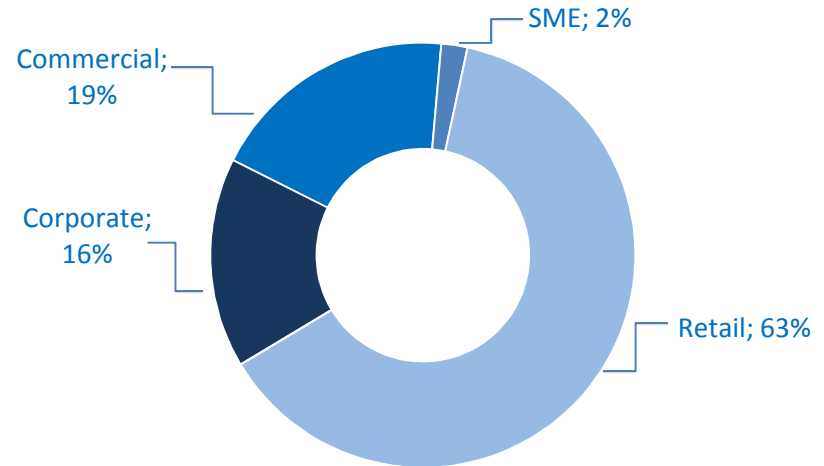
Deposits are the Main Funding Source

FX Deposits – the biggest share

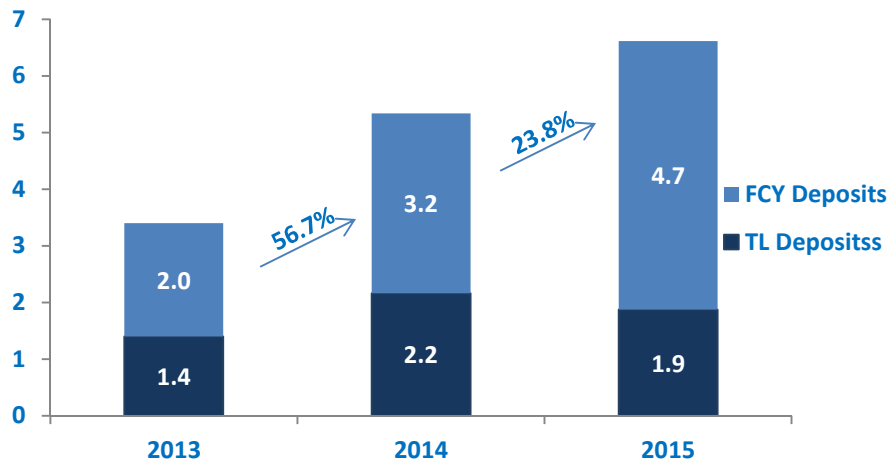
Deposit composition by maturity



Deposit composition by customer segment



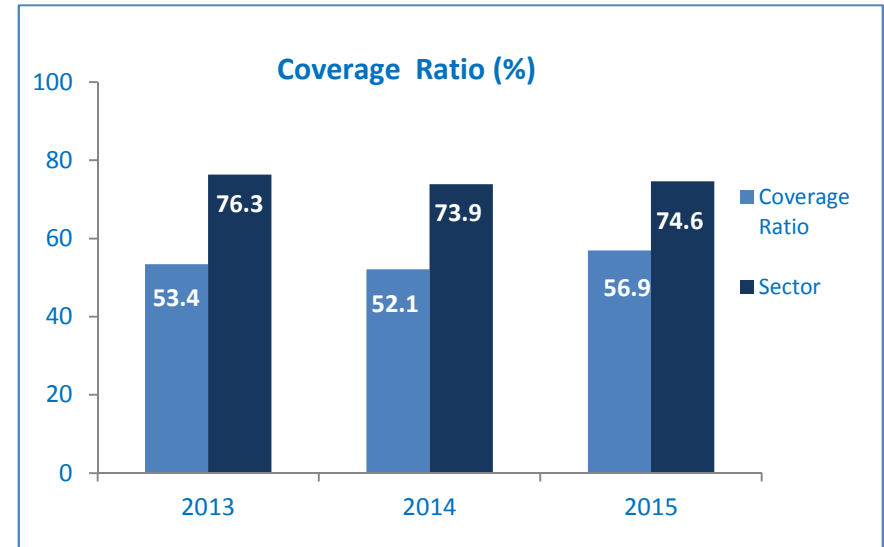
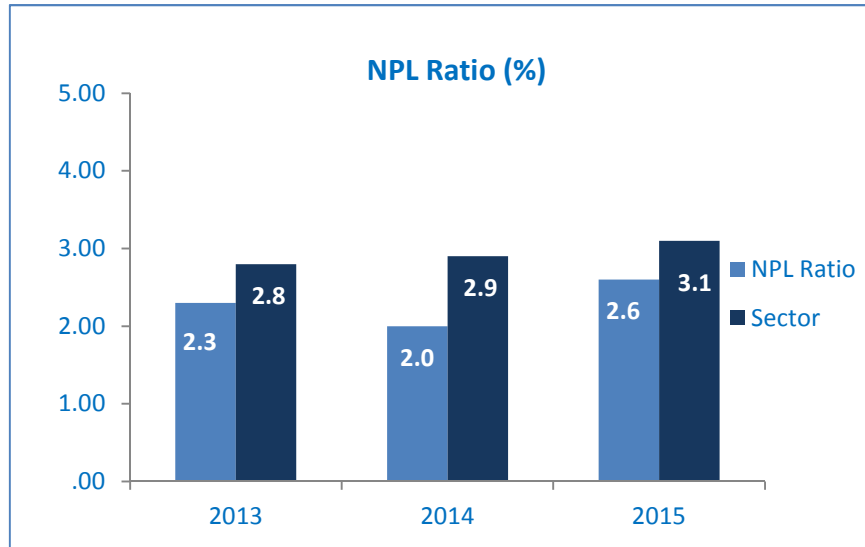
Deposit Growth(billion TRY)



- As of 2015YE **23.8%** deposit growth is achieved year -on-year whilst the sector average was **18.2%**
- **FCY Deposits** expanded by **49%**.
- **Retail deposits** continue to be the major contributor in the deposit composition
- Well diversified deposit portfolio. The Total of Top 20 deposits receives a share of **21.3%** out of Total Deposits.
- The biggest depositor share is **1.9%**

Improved Asset Quality

NPL ratio – below the market average



	2013	2014	2015
Gross Loans (million TRY)	5,306	7,289	9,332
NPL's(million TRY)	120	146	241
NPL Ratio	2.3%	2.0%	2.6%
NPL, net of collateral	87	102	177
NPL coverage, net of collateral	84.9%	78.5%	77.2%

- Asset quality remains strong with NPL ratio of 2.6% below the sector average of 3.1%
- Provisioning is in line with BRSA rules and regulations.
- Coverage ratio is below sector average due to the structure of the Loan portfolio.

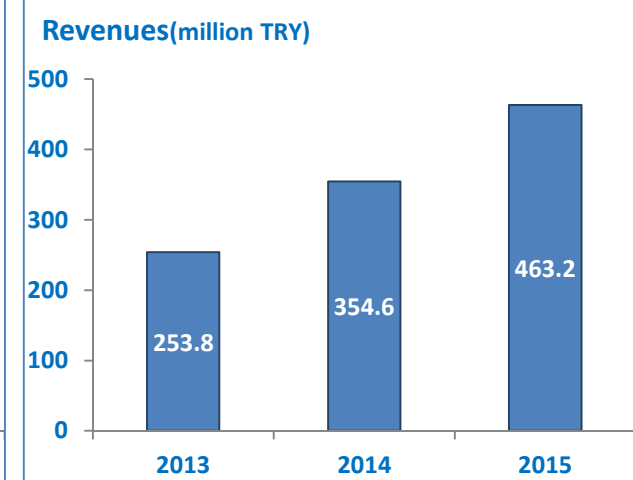
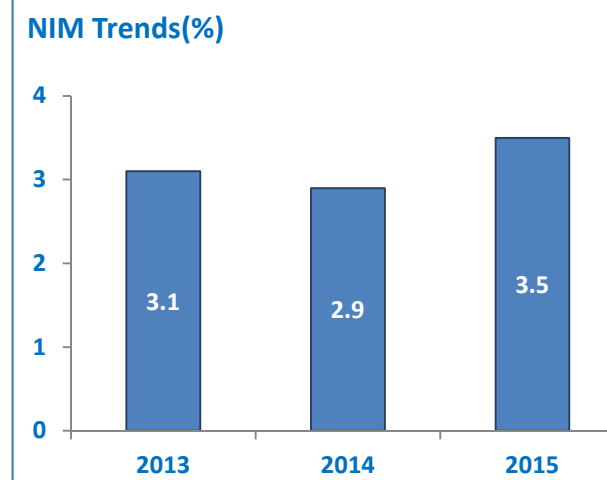
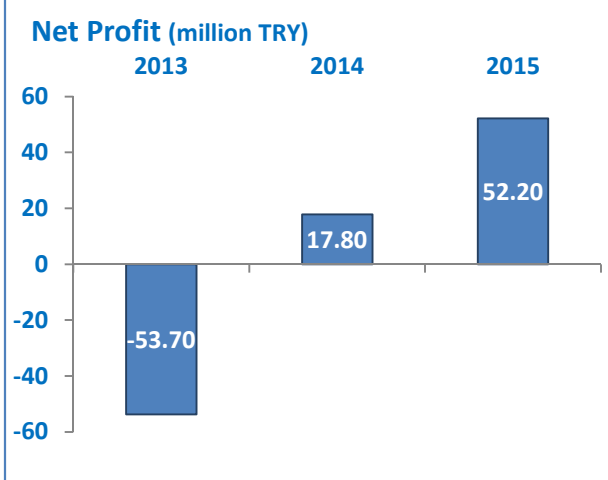
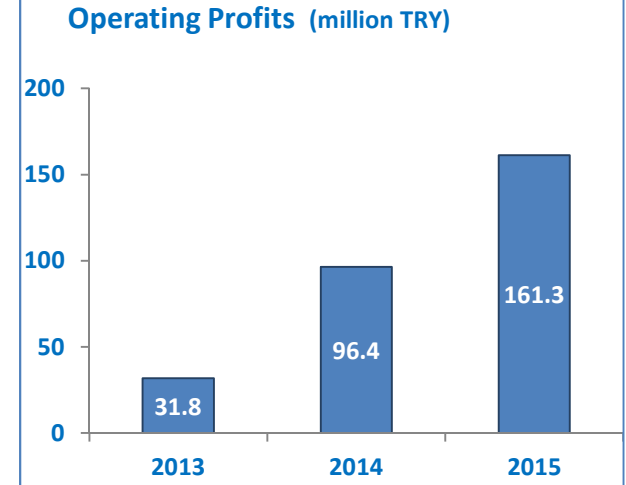
Strong Capitalization to Support Future Growth

	2013	2014	2015
Shareholder's Equity (million TRY)	591	953	1,012
CAR Ratio (%)	13.7	16.12	14.5
Tier 1 Ratio (%)	8.96	11.45	9.39

➤ CAR and Tier1 ratios consistently well above minimum requirements of 12% and 6%, respectively.

Progress in Earnings

(million TRY)	2013	2014	2015	YoY
Total Interest Income	441.1	674.0	924.7	37.2%
Total Interest Expense	256.8	426.5	559.6	31.2%
Net Interest Income	184.2	247.5	365.1	47.5%
Total Revenues	253.8	354.6	463.2	30.6%
Total Operating Expenses	222.0	258.2	301.9	16.9%
Operating Income	31.8	96.4	161.3	67.3%
Provision	94.8	71.1	92.4	30.0%
Net Profit	-53.7	17.8	52.2	193.3%



➤ The bank's cost to income ratio is **65.3%** as of 2015YE

Burgan Bank A.Ş.

Outlook for 2016

Growth

- Keep growing above the sector average
- Expand the market share in commercial and corporate banking
- Increase the number of customers while deepen the relationship with the existing ones.

Profitability

- Improve profitability by growing the business in existing and new markets through expanding its customer base
- Relocate some branches to best communicate the brand
- Strengthen the client relationship by broadening the range of products and services offered.

Human Capital

- Invest in human capital through management trainee programmes.
- Provide massive training programmes for staff at each and every level

Funding

- Diversify the funding base
- Enhance the funding availabilities provided from counter parties
- Raise financing through domestic bond issuance

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Thank you

