

BURGAN BANK AŞ PRESENTATION

June 2013

KUWAIT - TURKEY - IRAQ - JORDAN - ALGERIA - TUNISIA



- Macroeconomic and Banking Sector Outlook**
- Burgan Bank at a Glance**
- Financial Highlights & Transactional Growth Performance**

Macro Economic Environment



Macro Forecasts	2009	2010	2011	2012F	2013F
Nominal GDP (TRY mln)	952.6	1098.8	1297.7	1416.8	1583.8
Nominal GDP (USD mln)	615.8	733.2	775.9	790.7	851.2
GDP Growth	-4.8%	9.2%	8.8%	2.2%	3.5%
Exchange Rate - TRY/ USD (eop)	1,4873	1,5376	1,8889	1,7776	1,8900
Exchange Rate - TRY / USD (yoy change , eop)	-2.3%	3.4%	22.8%	-5.9%	6.3%
Exchange Rate - TRY/ USD (avg)	1,5469	1,4986	1,6725	1,7918	1,8606
Exchange Rate - TRY / USD (yoy change , avg)	19.1%	-3.1%	11.4%	7.1%	3.8%
CPI Inflation (eop)	6.5%	6.4%	10.4%	6.2%	7.0%
CPI Inflation (avg)	6.3%	8.6%	6.5%	8.9%	7.1%
PPI Inflation (eop)	5.9%	8.9%	13.3%	2.5%	6.0%
PPI Inflation (avg)	1.2%	8.5%	11.1%	6.1%	4.3%
CBT Policy Rates (O/N, eop)	6.5%	6.5%	9.04%	5.55%	5.75%
Yields on Benchmark Bond (eop)	9.06%	7.08%	11.04%	6.18%	7.00%

Growth: GDP Movements

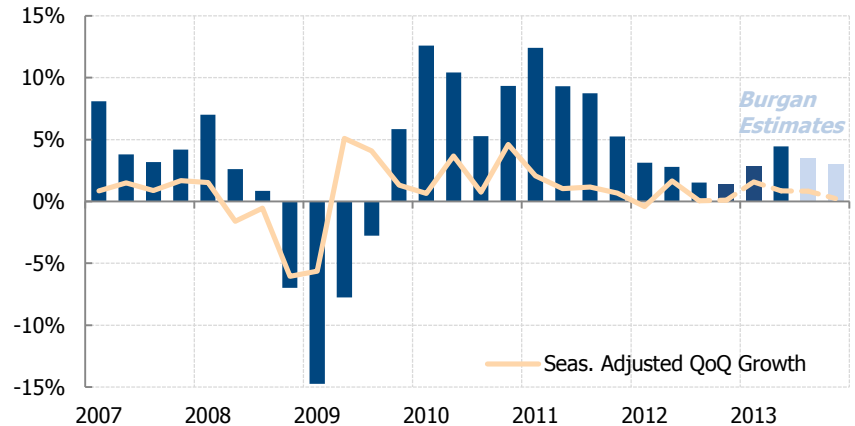
Economic Activity

Turkish economy expands beyond expectations in 2Q

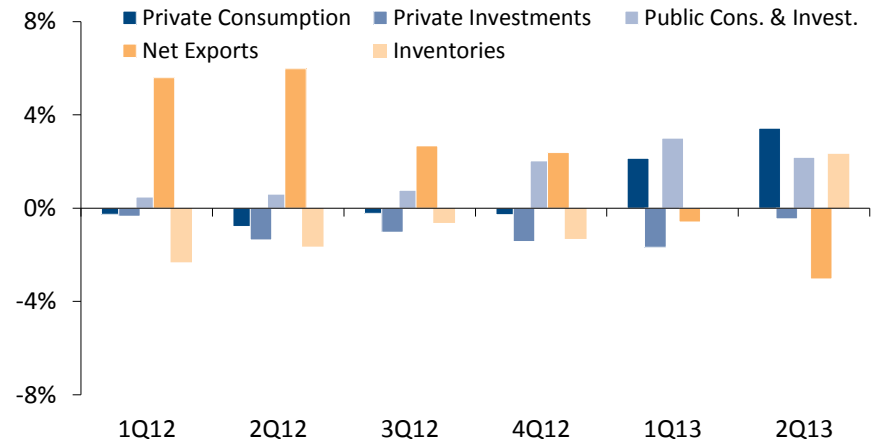
- The Turkish economy expanded 4.4% yoy in 2Q13. Seasonally-adjusted GDP expanded 2.1% qoq, implying a further acceleration in economic activity compared to 1Q.
- Private consumption was the engine of growth in 2Q13. Private consumption expanded 5.3% yoy in 2Q13, while private investments kept contracting (-2% yoy).
- Similar to the previous quarter, public sector was one of the major contributors to growth in 2Q13. Public consumption and public investments grew 7.4% and 36.7% yoy, respectively, representing 2.2pp contribution to 2Q13 GDP.
- Inventory build-up (2.3pp) also supported the GDP in 2Q13.
- Net exports, which had been the main source of growth throughout 2012, dragged down GDP growth by 3pp.
- Leading indicators suggest economic activity has lost some momentum, albeit by a limited degree, as of the first two months of 3Q13 with respect to 1H13.
- Given recent volatility in interest rates and the TRL, we remain in anticipation of weaker economic activity in 2H13 compared to 1H13.



GDP Growth Rates 2007-2012



Contribution to GDP Growth, 2010 – 2011



Overview

- ❑ As of June 30, 2013, there were 49 banks operating in Turkey, with a combined network of 11,445 domestic and foreign branches
- ❑ The sector employs 208,409 individuals (ca. 1% of total employment)
- ❑ Total asset size amounted to TRY 1.528bn as of June 30, 2013 , of which ca. 60.3% were invested in loans
- ❑ Depository banks hold ca. 96% of the financial system's market share in terms of assets
 - Approximately 90% of depository banks are private and hold 70% of total depository bank's loans

Overview

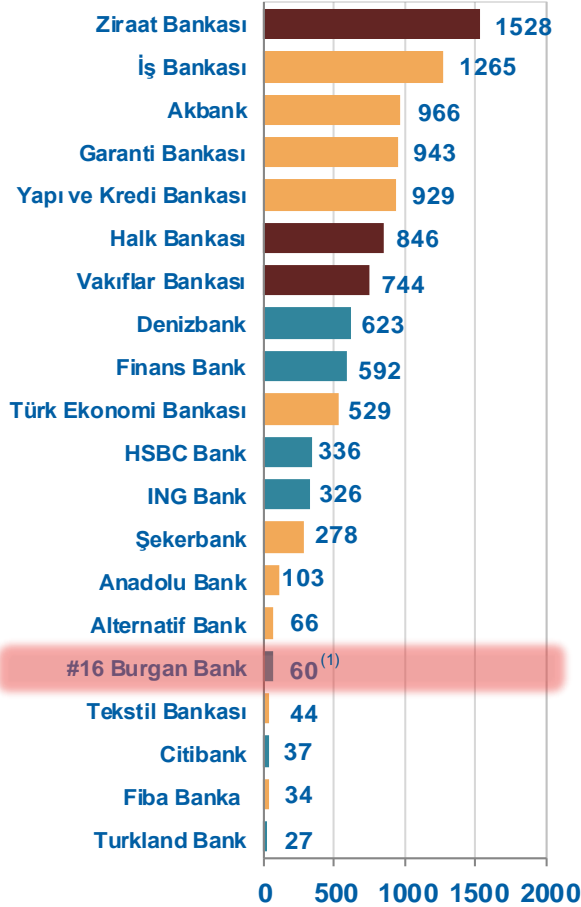
- ❑ There are 3 main bodies and institutions which are responsible for supervising and inspecting the financial system:
 - The Banking Regulation and Supervision Agency ("BRSA"), which began its operations in 2000, oversees the environment in which banks and financial institutions operate
 - The Central Bank of Turkey ("CBT"), aims to ensure stability in the financial system by regulating the money markets, protecting the value of the Turkish lira and determining the inflation target. It is responsible for setting the rediscount ratios and determining the reserve and liquidity requirements for the banking sector
 - The Capital Markets Board of Turkey ("CMB") is the regulatory and supervisory authority in charge of the securities markets
- ❑ Although not a regulatory body The Banks Association of Turkey is a prominent professional organisation, founded in 1958, with the aim of preserving the rights and benefits of banks as well as maintaining growth and fair competition within the sector.

Banking Sector – Ranking

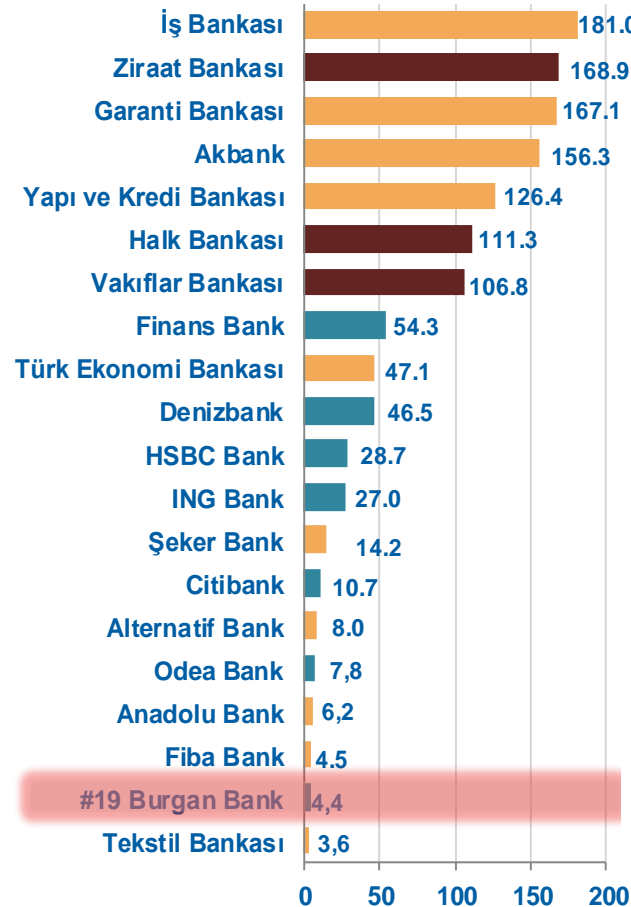


➤ Positioned within the Top 20 Banks in Turkey

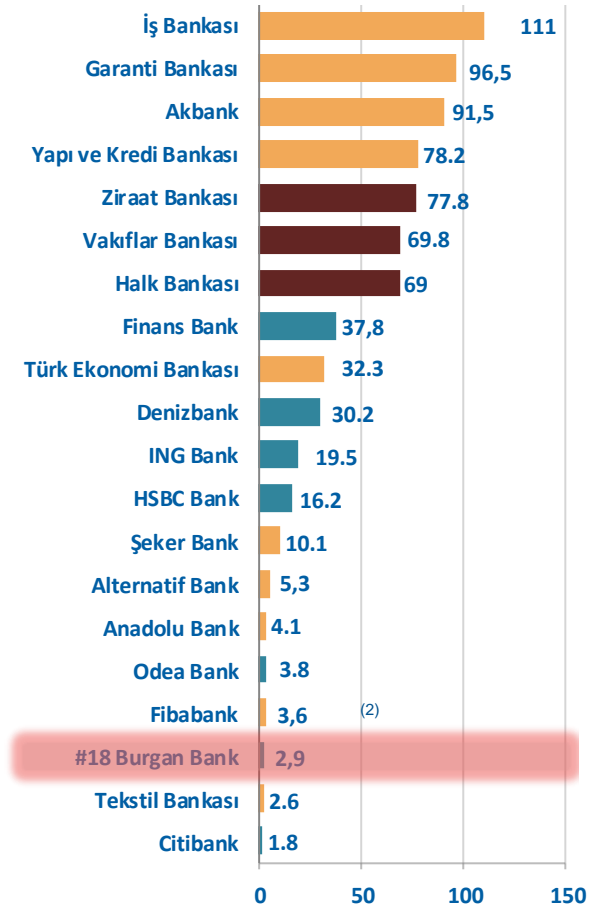
Number of Branches



Total Assets (TRY bn)



Total Loans⁽³⁾ (TRYbn)



■ State Owned ■ Domestic ■ Foreign Owned

(1) Latest available. (2) Includes Promissory Notes. (3) Total loans and receivables = loans and receivables + loans under follow up - specific provisions.

Source: The Banks Association of Turkey (March 2013 statistical report - unconsolidated);

Banking Sector – Recent Developments



- **The Turkish banking system faced structural and regulatory changes in 2012 on the back of new monetary policies implemented by the Central Bank of Turkey**

Loan Growth

- As of June 2013, the loan growth of the sector is 10.5% . The growth is primarily driven by SME loans having a share of 60.3% in the total growth amount.

Deposit Growth

- Deposits grew by 6.1% as of June 2013. The Banks shifted their funding from local deposits to international funding facilities and bond issuances. This caused 0.5% drop in the share of deposits in total liabilities.

Funding

- As a result of the positive macroeconomic developments in the country, there is an increase of 16.6bn\$ in the funding provided from the international markets in the whole Banking system in general. Bond issuances became an alternative funding sources for the Banks.

Net Income

- Net Income of the sector reached to 13.9bnTL with an increase of 19.7% compared to the same period of 2012 . This is mainly driven by the increase in net interest income, trading income and FX income

Basel III

- Banking sector maintains its healthy structure in 2013 Q2 which is also in line with Basel III requirements and applications.

Banking Sector – Key Metrics



Source: Banking Regulation and Supervision Agency.

(1) Compared to the same period of the previous year

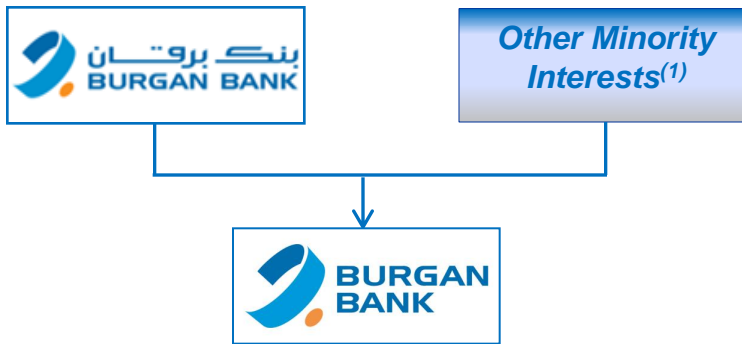
- ❑ **Macroeconomic and Banking Sector Outlook**
- ❑ **Burgan Bank at a Glance**
- ❑ **Financial Highlights & Transactional Growth Performance**

Shareholders and Group Structure



- Stable shareholders base and lean group structure

Shareholders Structure



- The transfer of 99.26% of the shares of the bank to Burgan Bank S.A.K., Kuwait has been completed on December 21, 2012.
- Name changed to Burgan Bank AŞ on January 28, 2013 . Burgan Bank AŞ and its subsidiaries (Burgan Yatırım Menkul Değerler & Burgan Leasing) are fully owned subsidiaries of Burgan Bank S.A.K., Kuwait as of December 21, 2012.

Group Structure



- **Brokering business of the Group**
- **Burgan Yatırım Menkul Değerler AŞ is one of Turkey's leading investment houses and operates in the following areas:**
 - Intermediation on the Istanbul Stock Exchange and Turkish Derivatives Exchange transactions;**
 - Corporate finance;**
 - Market and macroeconomic researches;**
 - Asset management**

- **Leasing Business of the Group**
- **Burgan Leasing collaborates closely with Burgan Bank, supporting SMEs as well as Large Corporate clients**
- **The company has built long-standing client relationships in several sectors including construction, manufacturing, agriculture and medicine**

(1) Minority shareholders, mostly individuals stemming from the shareholders' structures of Tekfen Investment Bank and BankEkspres.

BURGAN BANK SAK



- Established in 1977 in Kuwait
- Member of the KIPCO Group - one of the largest holding companies in the Middle East and North Africa with over 60 companies operating across 26 countries
- A footprint spread over the MENA region with a network of 145 branches across 5 countries
- Listed on the Kuwait Stock Exchange with a market cap of US\$ 2.3 bn
- Five majority owned subsidiaries operating in :

Turkey	
Algeria	بنك الخليج الجزائر Gulf Bank Algeria
Iraq	مصرف بغداد Bank of Baghdad
Jordan	البنك الأردني الكويتي JORDAN KUWAIT BANK
Tunis	بنك تونس العالمي Tunis International Bank

Key Indicators⁽¹⁾

Burgan Bank Group	2Q '12	2Q '13 ⁽²⁾
Revenue Growth (YoY)	12.8%	29.5%
Operating Profit Growth (YoY)	8.2%	40.9%
Cost to Income Ratio	39.1%	33.7%
Jaws Ratio (YoY)	(8)%	14.9%
Loans to Cust. Deposits	81.9%	77.1%
Liquidity Ratio ⁽³⁾	36.2%	37.6%
NPL to Gross Loans	9.2%	4.2%
NPL net of Collateral to Gross Loans	4.0%	1.9%
ROE	12.7%	10.0%
ROTE	21.0%	15.6%

Rating

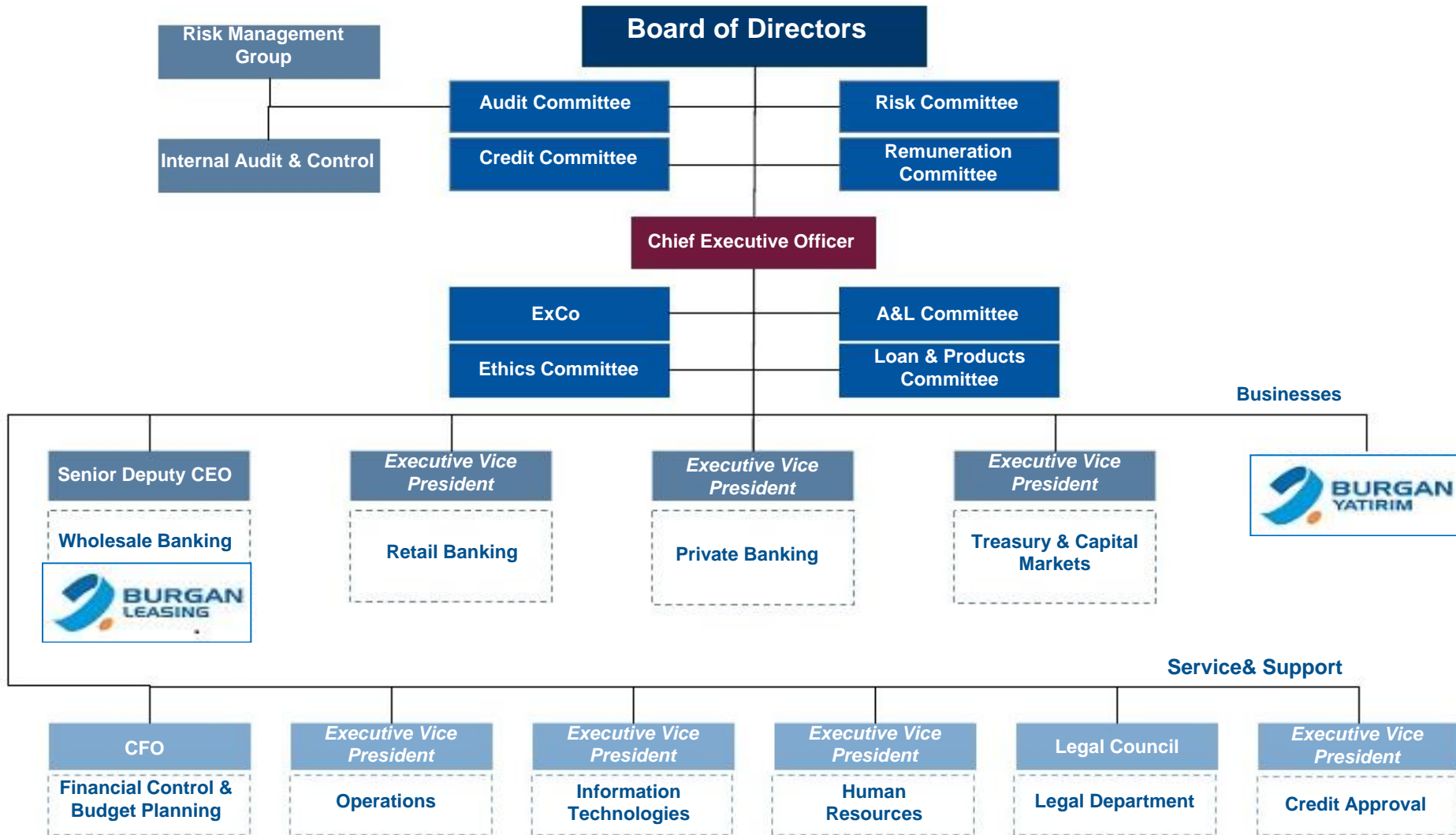
	Bank	Sovereign
Moody's	A3	Aa2
S&P	BBB+	AA
Fitch	BBB+	AA

(1) Figures are reported after consolidation adjustments

(2) Excluding Burgan Bank Turkey contribution in 2Q '13

(3) Liquid assets comprises of Cash&Cash eq. , Treasury bills&bonds and due from Banks&OFIS

Corporate Governance and Organisational Structure



Burgan Bank At a Glance



Financial Highlights

(BRSA Consolidated, 31 December 2012; mln TRY)

Total Assets	:	4,643
Loans ⁽¹⁾	:	3,293
Deposits	:	3,189
Securities	:	441
Equity	:	659
Net Profit⁽²⁾	:	29
# of Branches	:	60
# of Employees	:	1,070
Capital Adequacy	:	15.76%
Tier I Capital	:	14.72%



Financial Highlights

(BRSA Consolidated, 30 June 2013; mln TRY)

Total Assets	:	5,500
Loans ⁽¹⁾	:	3,852
Deposits	:	2,844
Securities	:	864
Equity	:	636
Net Profit	:	-16
# of Branches	:	60
# of Employees	:	1,112
Capital Adequacy	:	13.75%
Tier I Capital	:	12.75%

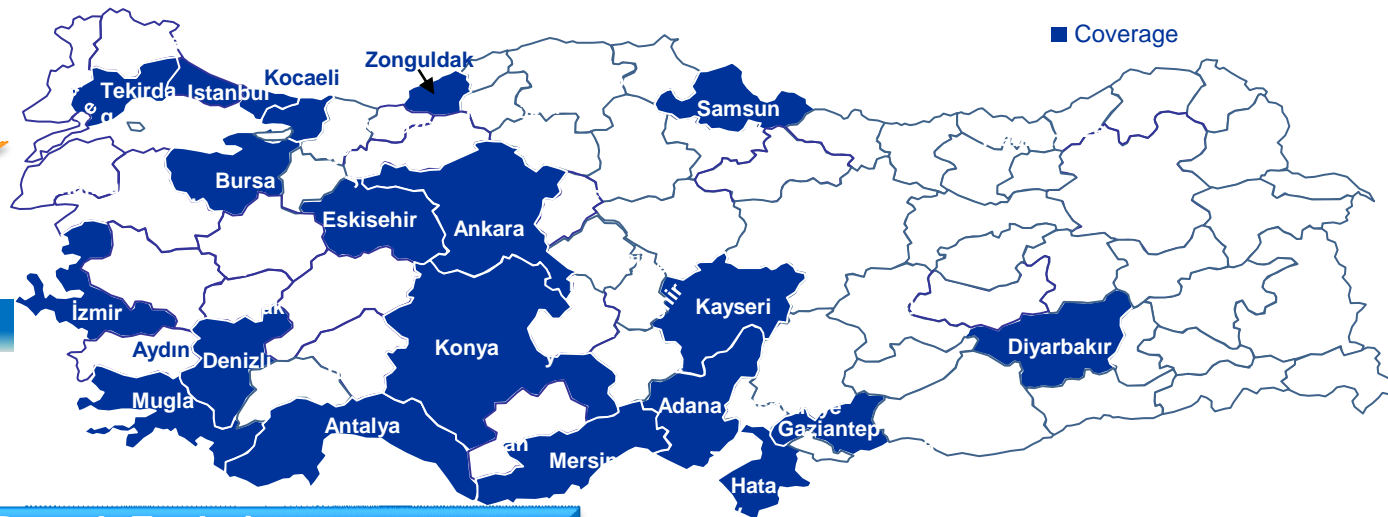
(1) Including Factoring and Leasing Receivables

(2) underlying profit excluding one-off goodwill write-off amounting to 64mln TRY

Distribution Network - Overview

- Growing distribution network. Doubled since 2006
- 60 branches in the main Turkish cities⁽¹⁾

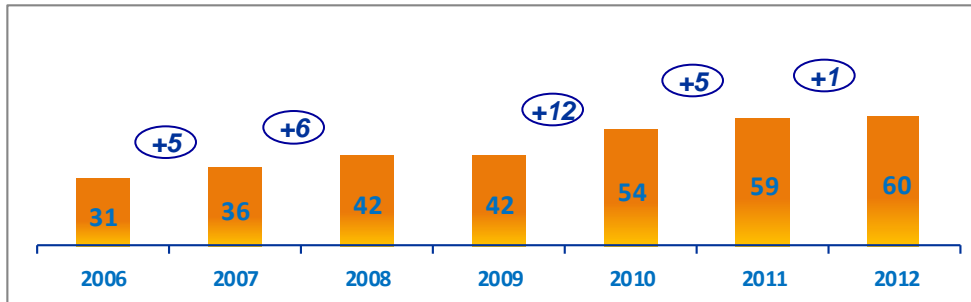
Burgan Bank is present in number of key cities / areas which together account for ca. 90% of the Turkish economy



Penetration of Turkish Economy

Deposits:	92%
Loans:	86%
Exports:	87%
Imports:	94%

Historical Branch Evolution



Alternative Distribution Channels

- Internet Banking
- Phone Banking
- ATMs
 - 60 unit own network, part of national ATM sharing agreement

⁽¹⁾ Including free trade zone and central large corporate branch

Subsidiaries: Burgan Leasing



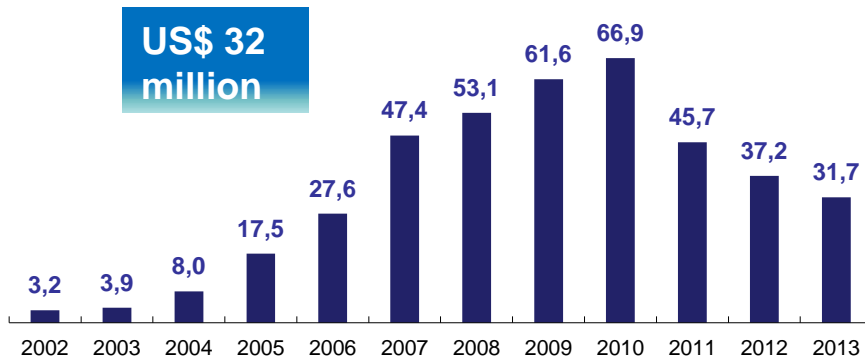
- ❑ Burgan Finansal Kiralama A.Ş. (Burgan Leasing) is wholly owned subsidiary of Burgan Bank A.Ş.
 - ❑ Leasing activities started in 1989 within the organization of Tekfen Finance and Investment Bank
 - ❑ Became a separate company in 2001 under the name of Tekfen Finansal Kiralama A.Ş.
 - ❑ The name of the company changed to EFG Finansal Kiralama A.Ş. in 2008
 - ❑ Burgan Bank S.A.K. the main subsidiary of Kipco Group acquired 99,26% of the shares of Eurobank Tekfen A.Ş. on 21 December 2012, the latter possesses 99,99% of EFG Leasing. On 28 January 2013 the name of the bank has changed to Burgan Bank A.Ş. and the name of the company to Burgan Finansal Kiralama A.Ş. (Burgan Leasing)
- ❑ Burgan Leasing main highlights in the sector :
 - 1st in the peer group (4th overall) with “Lease Receivables / Total Assets” ratio 89%. Sector average is 86%.
 - Lowest NPL ratio in the sector with 3.22%. Sector Average is 7.23%
 - 3rd in the peer group (8th overall) with ROE 12.47%.
 - 3rd in the peer group (10th overall) in Net Receivables / Number of Employees with net receivables of USD 7,267,857 per employee.
 - Portfolio size is USD 167.3mln and is well diversified in terms of tenor and sectors exposed.

Subsidiaries:

Burgan Yatırım Menkul Değerler AŞ

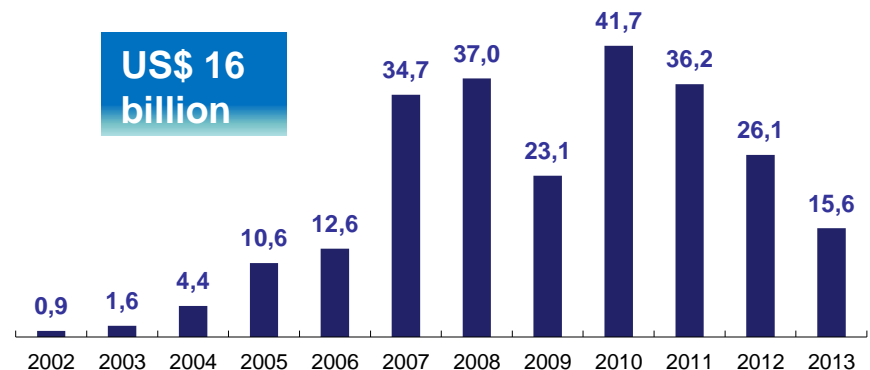
- ❑ Burgan Securities is wholly owned subsidiary of Burgan Bank A.Ş.
- ❑ Burgan Yatırım Menkul Değerler is a brokerage company providing :
 - Corporate finance advisory,
 - Institutional brokerage,
 - Research and
 - Asset management services.
- ❑ Founded in 2001 as HC Istanbul.
- ❑ Acquired by EFG Eurobank in April 2005. In 2007 became a subsidiary of Eurobank TekfenA.Ş. and the name changed to EFG Istanbul Securities.
- ❑ The name of the company changed to Burgan Securities in 2013 after the acquisition of Burgan Bank A.Ş. by Burgan Bank S.A.K., Kuwait

**Burgan Securities Shareholder's Equity
(US\$ mln)**



Audited, IFRS

**Burgan Securities Transaction Volume
(US\$ bln)**

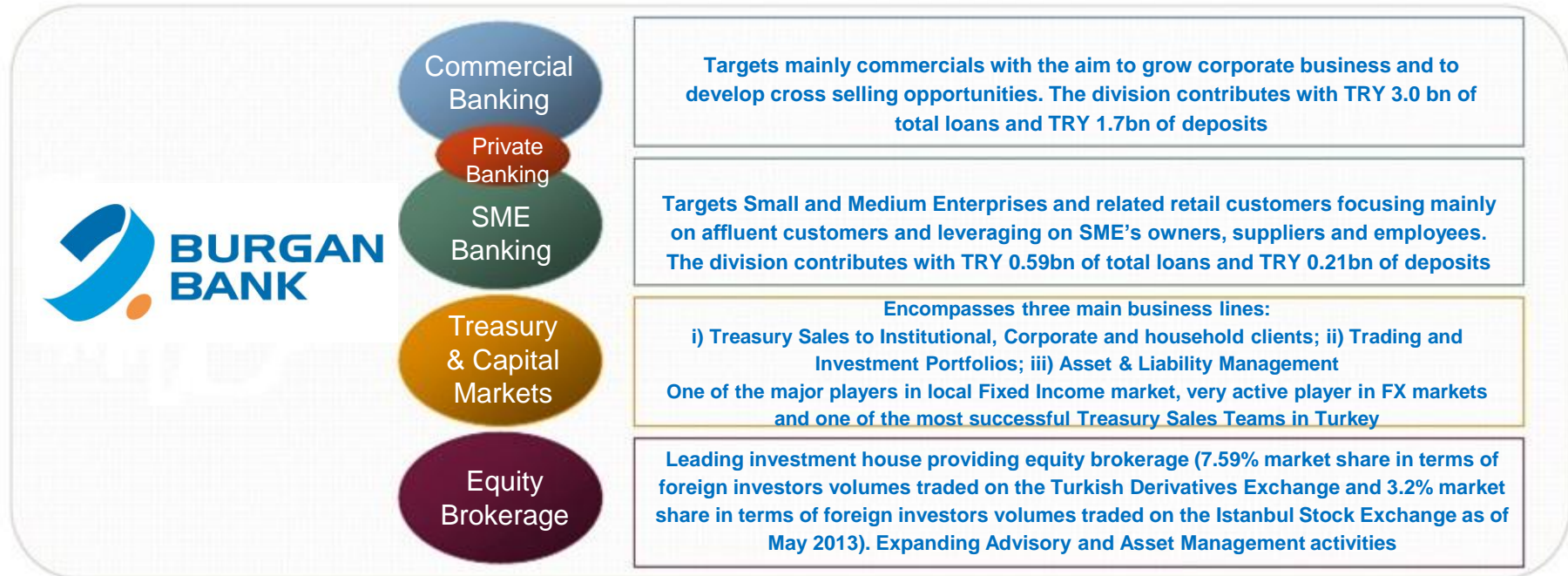


ISE and TURKDEX Volume

General Overview



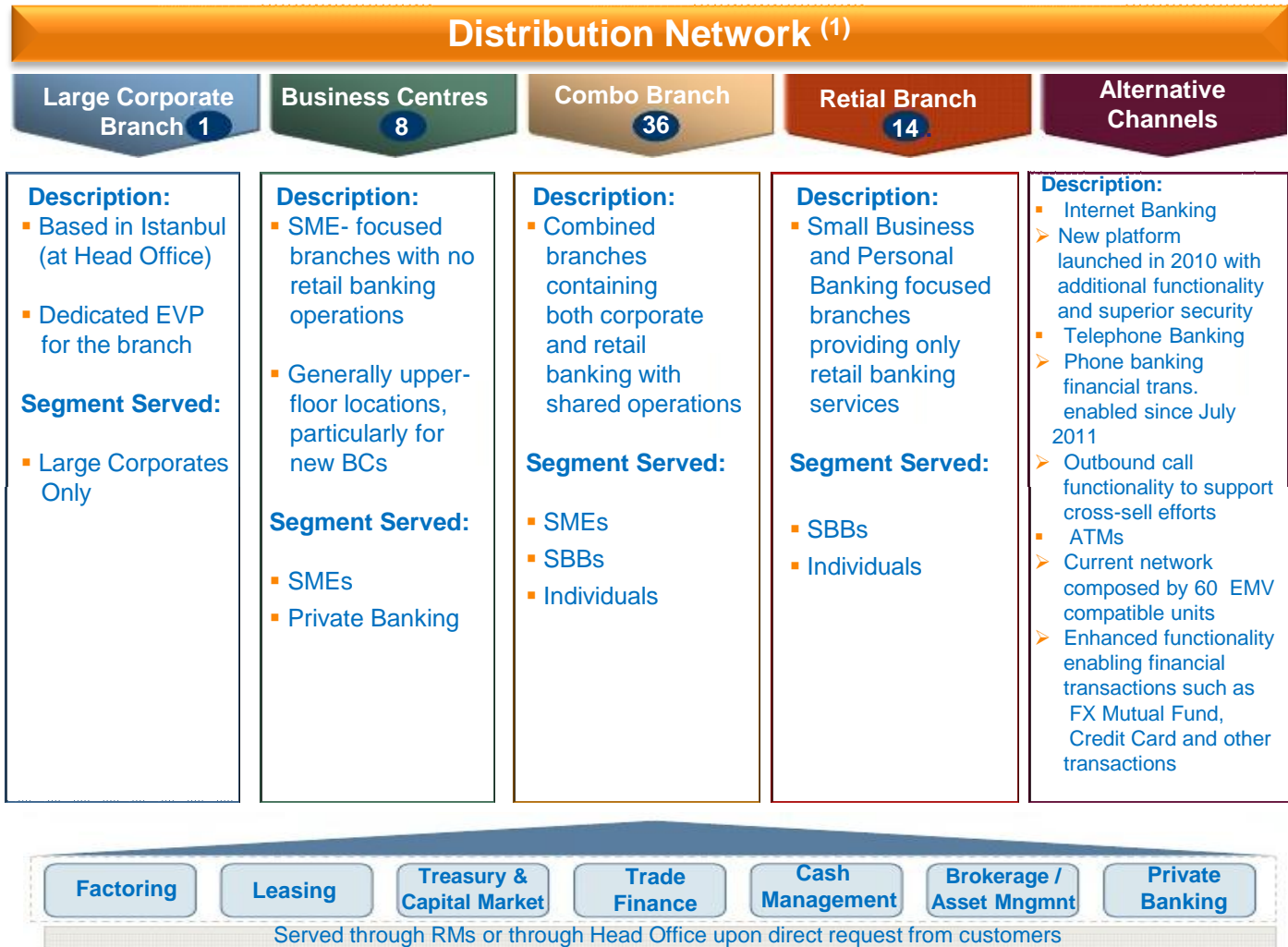
- A mid-size bank with a focus on the corporate segment and a fast growing presence in selective retail business leveraging mainly on corporate owners, suppliers, executives and employees of corporate clients



- Burgan Bank operates through an integrated business model, able to respond with success to the increasing number of customers and transaction volume
 - Customer Centric Segmentation and proactive Coverage
 - Wide and high value added banking products and services
 - 60 modern and fully refurbished branches located in 21 leading industrial and business cities across the country
 - Newly implemented, highly scalable IT system
 - Experienced and well regarded senior management

Servicing Model Model

- Targeted servicing and distribution model with branches dedicated to Wholesale and Retail to respond better to the different needs

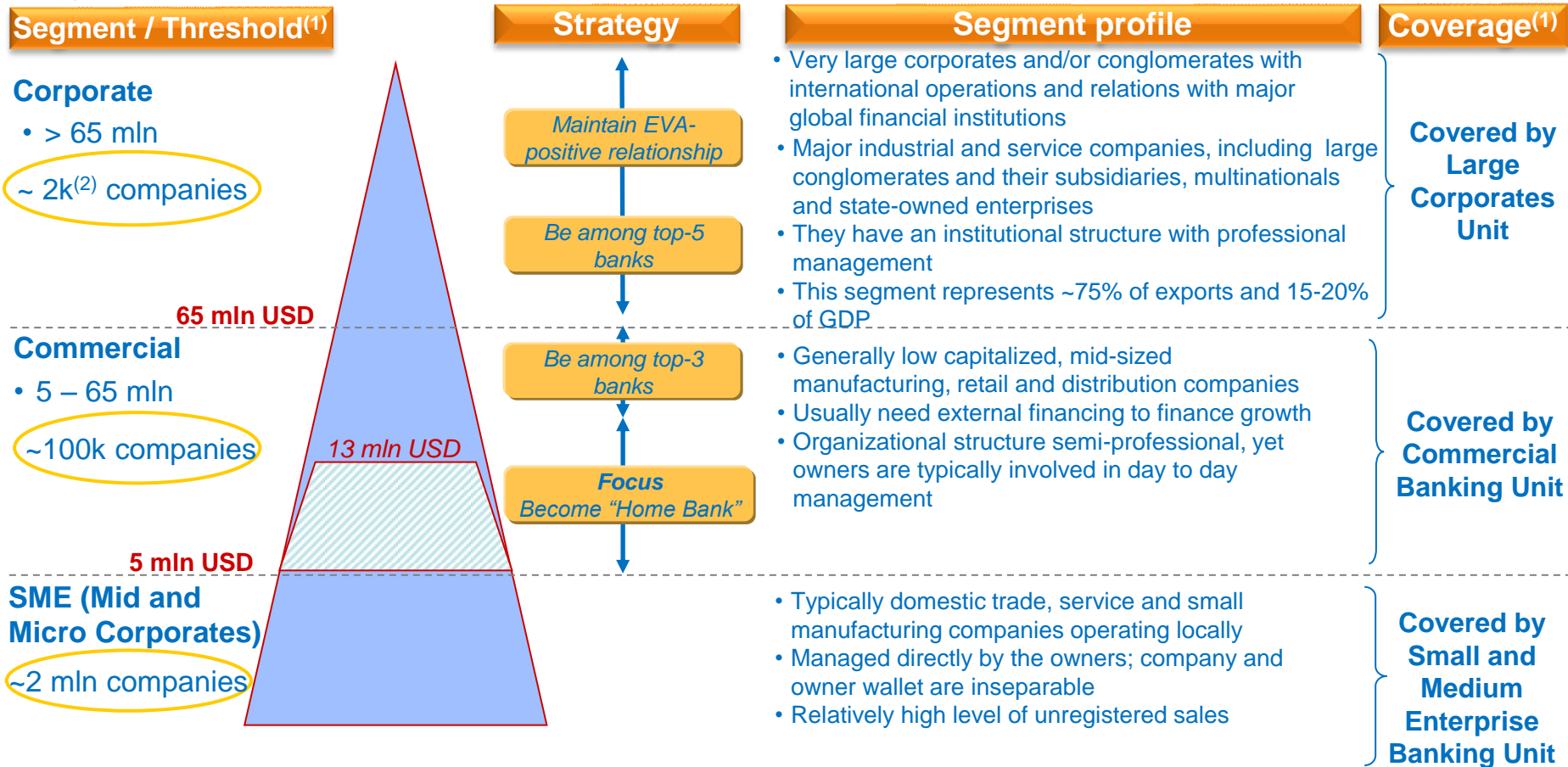


(1) Excludes free trade zone.

Segment Focus

- Mainly focusing on Commercial customers within an annual turnover range of 5-65 mln USD and SME customers within an annual turnover below 5 mln USD

USD, Annual turnover



(1) Thresholds are indicative. Client segmentation and respective coverage would be an annual exercise based on client profile, needs and behavior

(2) Includes smaller subsidiaries of large conglomerates

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Income Statement



P&L

Consolidated, mln TRY	2011-2012				
	2010	2011	2012	Δ	2Q2013
Interest on Loans	166	215	355	65%	154
Interest on Securities Portfolio	193	109	67	-39%	20
Interest on Money Market Transactions	53	75	41	-45%	2
Interest on Mandatory Reserves & Other Interest Inc.	21	57	54	-7%	23
TOTAL INTEREST INCOME	433	456	516	13%	199
Interest on Deposits	-112	-132	-211	60%	-83
Interest on Funds Borrowed	-142	-96	-61	-36%	-10
Interest on Repo and Money Market Transactions	-39	-58	-23	-60%	-5
Other Interest Expense	-21	-42	-24	-43%	-9
TOTAL INTEREST EXPENSE	-315	-328	-319	3%	-107
NET INTEREST INCOME	118	128	197	54%	92
Provision for Loans	-20	-20	-42	110%	-38
NET INTEREST INCOME AFTER PROVISIONS	98	108	155	44%	54
Derivative and Foreign Exchange Profit/Losses	1	4	13	225%	14
Profit/Losses on trading account securities	26	39	10	-74%	4
Net Fees and Commissions Income	59	55	34	-38%	13
Other Income	9	8	13	63%	7
TOTAL OPERATING INCOME AFTER PROVISIONS	193	214	225	5%	92
TOTAL OPERATING EXPENSE	-155	-180	-188	4%	-109
PROFIT / LOSS BEFORE TAX	38	34	37	9%	-17
Tax Provision	-8	-9	-8	-11%	1
NET PROFIT	30	25	29⁽¹⁾	16%	-16

(1) underlying profit excluding one-off goodwill write-off amounting to 64mln TRY

Balance Sheet



Assets	2011 - 2012				
<i>(Consolidated, mln TRY)</i>	2010	2011	2012	Δ	2Q2013
Cash and Central Bank	210	349	363	4%	465
Banks	687	443	213	-52%	18
Loans ⁽¹⁾	1,906	2,702	3,293	22%	3,852
Securities	1,469	1,382	441	-68%	864
Tangible /Intangible Assets	126	118	52	-56%	53
Other Assets	93	142	281	98%	248
Liabilities					
Deposits	1,872	2,175	3,189	47%	2,844
Repo & Money Market	673	846	88	-90%	650
Borrowings	1,085	1,206	442	-63%	1,093
Subordinated Loans	185	0	0	0	0
Other Liabilities	164	229	265	16%	277
Shareholders' Equity	511	680	659	-3%	636
Total Assets	4,490	5,136	4,643	-10%	5,500

(1)Including Factoring and Leasing Receivables and Net NPL

Ratio Analysis



Key Ratios ⁽¹⁾	2010	2011	2012	2Q2013
Capital Adequacy Ratio	18.7%	15.5%	15.76%	13.75%
Loan ⁽²⁾ / Deposit Ratio	101.8%	124.2%	103.3%	135.4%
NPL Ratio	6.2%	4.1%	5.2%	5,2% ⁽³⁾
ROAE	6.96%	4.78%	4.55%	-4.98%
ROAA	0.72%	0.54%	0.60%	-0.64%
Provision Coverage	57.3%	67.3%	63.1%	66.5%
Cost/Income Ratio	72.6%	76.9%	70.4% ⁽⁴⁾	84.2%

Strong capital and liquidity ratios

- Burgan Bank has a **13.75% Capital Adequacy Ratio**
- Loan to deposit ratio is **135.4% as of 2013 Q2.**

(1) Consolidated figures

(2) Including factoring and leasing receivables and net NPL

(3) After the sales of NPLs in July, 2013, NPL ratio came down to 2,47%

(4) Excluding goodwill write-off

Capital

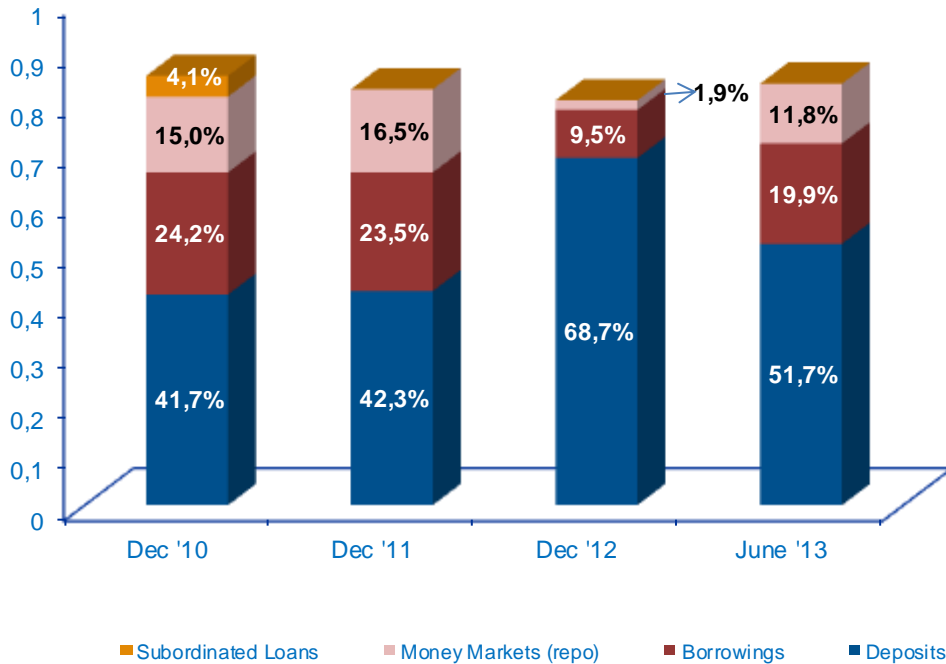


	2010 Consolidated	2011 Consolidated	2012 Consolidated	2Q 2013 Consolidated
+ CORE CAPITAL	403,339	583,339	612,806	597,832
+ SUPPLEMENTARY CAPITAL	156,227	25,825	43,352	46,838
(-) DEDUCTIONS FROM CAPITAL	-383	-362	-340	-330
SHAREHOLDERS EQUITY A (Capital Base)	559,183	609,351	655,818	644,340
B AMOUNT SUBJECT TO CREDIT RISK	2,519,417	3,512,283	301,276	332,352
C AMOUNT SUBJECT TO MARKET RISK	183,850	87,825	5,913	16,229
D AMOUNT SUBJECT TO OPERATIONAL RISK	293,423	320,994	25,628	26,202
CAPITAL ADEQUACY RATIO (A/(B+C+D))	18.67%	15.54%	15.76%	13.75%
TIER I	13.45%	14.87%	14.72%	12.75%

Funding Structure: Burgan Bank

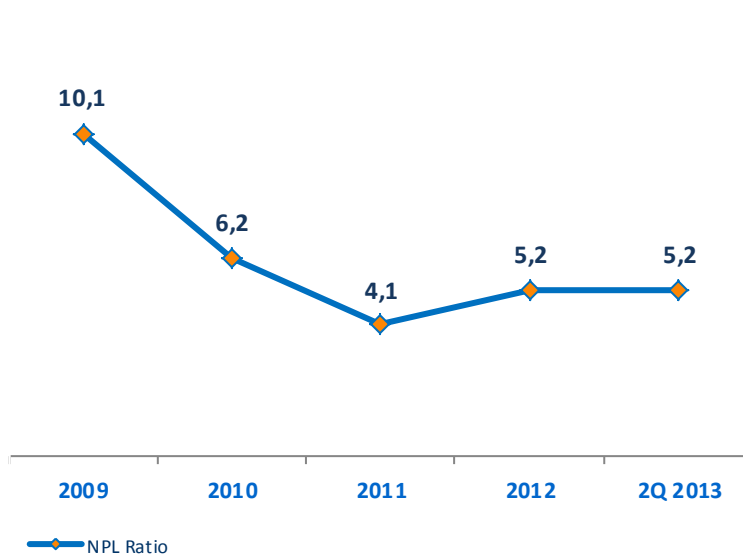


➤ As of 2Q 2013, Burgan Bank's main funding sources are Customer Deposits, Money Market Deposits and Borrowings representing **83,4%** of total liabilities and **deposits representing 51.7% of total liabilities**



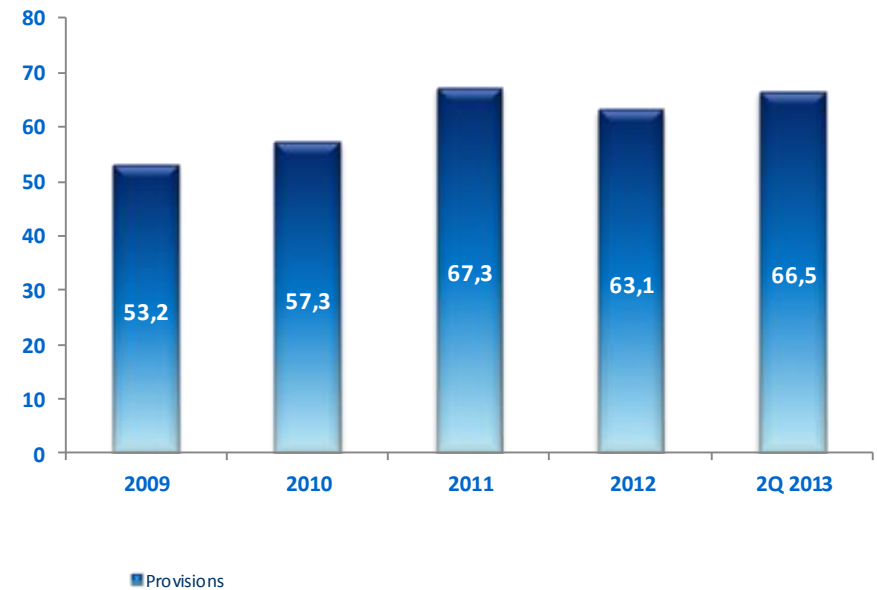
Consolidated mIn TR	Dec-10	Dec-11	Dec-12	June-13
Deposits	1,872	2,175	3,189	2,844
Borrowings	1,085	1,206	442	1,093
Money Markets (repo)	673	846	88	650
Subordinated Loans	185	0	0	0
Other Liabilities	164	229	265	277
Shareholders' Equity	511	680	659	636
Total Liabilities	4,490	5,136	4,643	5,500

Non Performing Loans Ratio



NPL Ratio is 5.2 % as of 2Q 2013

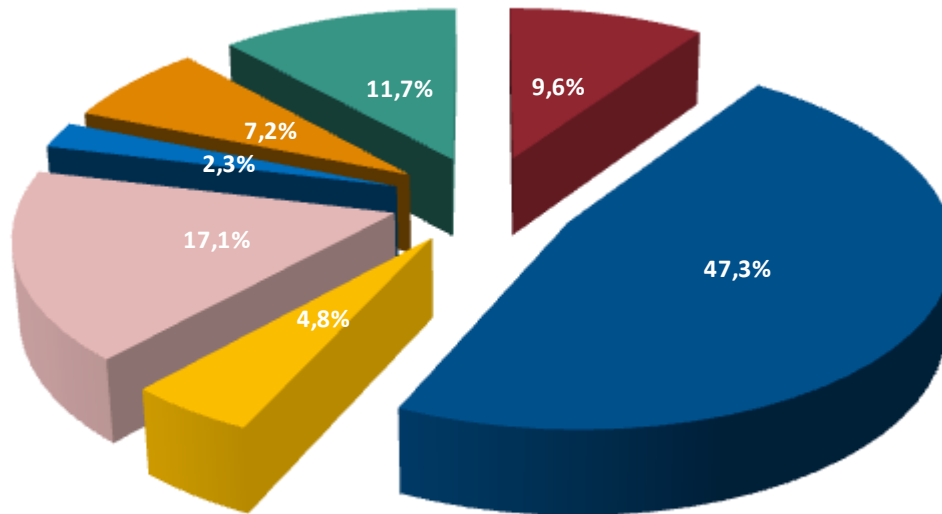
Coverage Rate of Provisions



Specific **provisioning** is in line with **BRSA regulations**

Loans in Detail

Loan Breakdown⁽¹⁾



■ Construction ■ Manufacturing ■ Tourism ■ Wholesale and Trade ■ Transportation and Telecom ■ Services ■ Other

...Supporting Real Sector

- Total Loans reached to 3.3mlnTRY as of 1Q 2013
- Burgan Bank's loan portfolio comprise companies mainly in manufacturing, wholesale, tourism, and construction sectors
- Tourism is a niche sector for Burgan Bank

(1) As of 30 June 2013, mln TRY.

Transaction Volumes



	2009	2010	2011	2012	2011 – 2012 Δ	08-2013
Payments (# of items)						
EUR	12,565	13,856	12,866	13,292	3.3%	9,735
USD	15,939	21,789	22,912	24,777	8.1%	17,442
Total Trade Finance (USD mio)	1,106	1,465	1,793	1,973	8.6%	1,257
LCs issued (import)	143	197	257	317	21.7%	177
Collections (export)	71	37	44	56	26.5%	34

Treasury Transactions

(volumes USD mio)



	2009	2010	2011	2012	2011-2012 Δ	08-2013
Trading						
TRY Spot	8,214	16,800	16,447	12,017	-28%	5,779
FX Spot	9,571	12,933	8,462	4,758	-44.5%	2,990
CCY Swap	2,214	4,533	7,155	5,629	-22.34%	5,584
Bonds Local CCY(TRY)	18,250	33,000	39,560	15,885	-83%	7,937
CIRS	0	20	30	0	0	0
Sales						
FX Forward	240	525	1,074	1,285	19.6%	939
FX Options	190	472	755	572	-24.24%	652
IRS	16	57	35	84	140%	69

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