



Burgan Bank A.Ş. Turkey (BBT)

June 2014 Presentation (BRSA Consolidated)

Burgan Bank Group

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

Operating Environment

Macro Economic Outlook - Turkey

Ratings

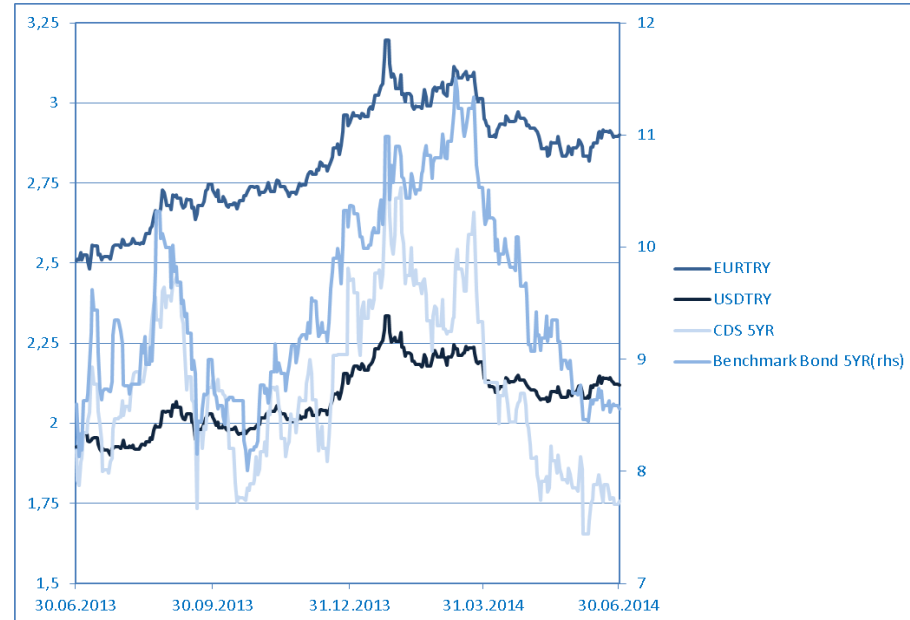
	Fitch	Moody's	S&P
Long Term FC Rating	BBB-	Baa3	BB+
Outlook	Stable	Negative	Negative

Key Indicators

	2013	2014F	2015F(*)
Nominal GDP (USD bln)	821,9	815,8	870,0
Population (mil)	76,7	77,7	78,7
GDP per capita (USD)	10.807	10.500	11.000
Real GDP (% change)	4,1	3,0	3,5
CPI (Inflation)	7,4	9,0	7,0
Gov. Debt (USD bln)	297,8	293,7	313,4
Gov. Debt / GDP	36,3	36,0	36,0
Current Account Bal. / GDP	-7,9	-5,9	-6,3
Forex Reserves (USD bln)	133	135	140
Trade Balance (USD bln)	-100	-86	-84
Export (USD bln)	152	159	173
Imports (USD bln)	252	245	257

Recent Developments

The Turkish economy is expected to post a moderate growth rate of around 3% in 2014, driven largely by a rebound in net exports, as opposed to slower domestic demand. Rapidly rising exports, thanks to the recovery in Turkey's leading export market, the EU, and some acceleration in gold exports, have underpinned the external rebalancing process. Current account deficit has narrowed significantly since the beginning of the year: from 7.9% as of YE13 to 6.1% of the GDP as of Jul'14; and is estimated to recede further towards 5.9% of the GDP by YE14. Inflation has climbed gradually to as high as 9.66% in May'14, triggered by c.30% depreciation of the TRY and accelerating food inflation, but is expected to settle at c7%, once these effects fade away.



(*) Source: Burgan Securities Co. Macroeconomic Research

Operating Environment Turkish Banking Sector

Number of Banks: 50

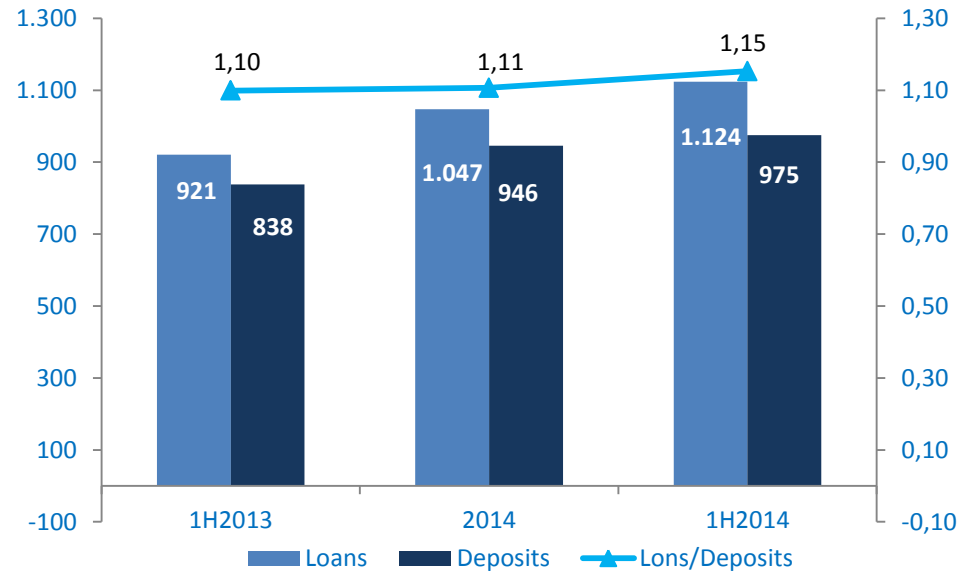
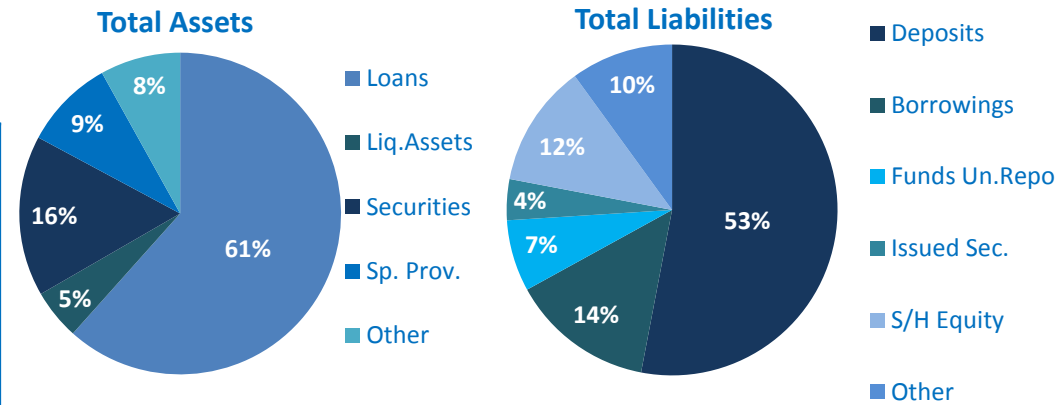
➤ Number of Depository Banks: 33

Growth (billionTRY)	1H2013	2013	1H2014	YtD	YoY
Total Assets	1.528	1.732	1.830	5,7	19,8
Total Deposits	838	946	975	3,07	16,4
Total Loans	921	1.047	1.124	7,35	22,04
Net Profit	13,9	24,7	12,5	1,2*	-10

(*Annualized)

Key B/S Ratios(%)	1H2013	2013	1H2014
ROA	1,9	1,6	1,5
ROE	16,1	14,2	16,4
NPL	2,8	2,7	2,7
CAR	16,3	15,3	16,3
NIM	4,1	3,7	3,4
Coverage	74,8	76,3	74,8
Loan/Deposit	113,3	114,1	115,0
Total Assets/GDP	105,5	114,1	109,9
Total Loans/GDP	63,2	69,0	67,5
Total Deposits/GDP	57,8	62,3	58,6

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 2.3 bn \$
- Having a network of 145 branches across 5 countries
- Carrying an asset size of 25 bn \$

Shareholding Structure

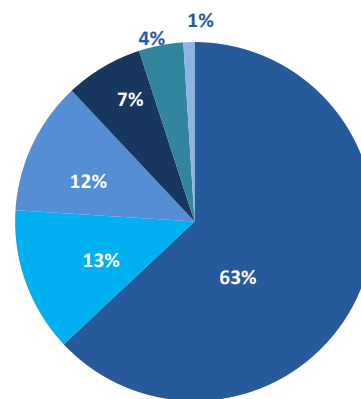
- KIPCO 40.87%
- United Gulf Bank 17%
- Wafra Int. Inv. Comp Kuwait 7.19%
- Free float 34.94%

Financial Performance

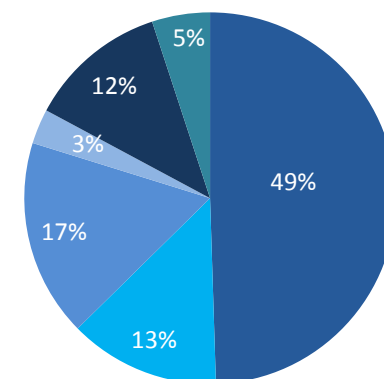
1H2014 vs. 1H2013

Revenue Growth (YoY)	9,6%
Operating Profit Growth (YoY)	15,5%
Cost to Income Ratio	46,5%
Loans to Cust. Deposits	90,7%
Liquidity Ratio	32,9%
NPA Ratio	3,8%
NPA net of Collateral Ratio	1,9%
ROE	20,6%

Loan+Deposit by International Operations



Revenues by Int. Operations



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

- International operations contributing 43% in Total Assets and 50% in Revenues
- Burgan Bank is ranked as the biggest contributor among Burgan Subsidiary Banks in Loans + Deposit share.
- Ranked as the second contributor for revenue generation

Ratings

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

Strong Shareholding Structure and Footprints in MENA Region

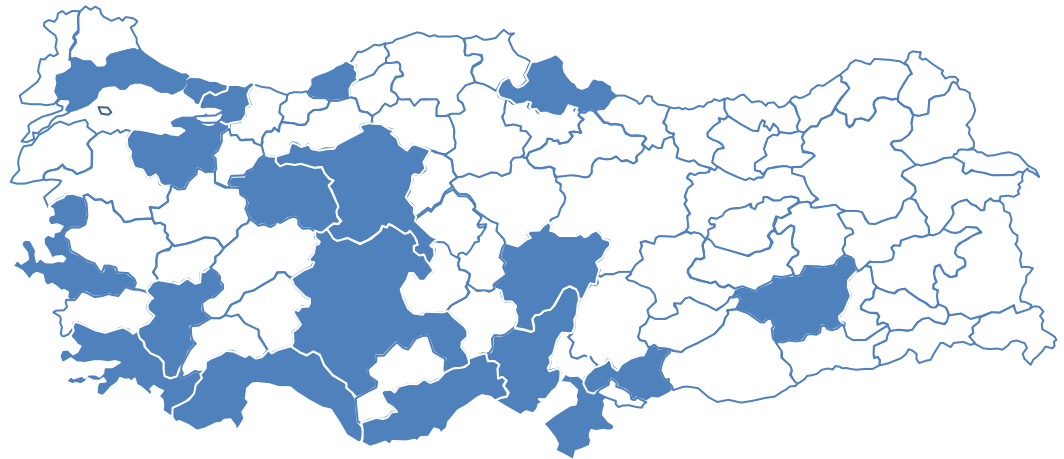
- Burgan Bank A.Ş. is 99,26% owned by Burgan Bank SAK, Kuwait
- Has 60 Branches well spread out of the whole country
 - 26 Branches in Istanbul
 - 34 Branches out of Istanbul
 - 36 Combo Branches (Providing Commercial and Retail Banking Services)
 - 18 Retail Branches
 - 4 Business Centres (Providing Commercial Banking Services)
 - 1 Corporate Branch
 - 1 Private Banking 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 two subsidiaries
 - Burgan Leasing
 - Burgan Securities

- 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

Growing Balance Sheet

Balance Sheet (TL mil)

	1H2013	2013	1H2014	ytd	y/y
Total Assets	5.499,8	7.304,4	7.227,7	-1,1%	31,4%
Loans ¹	3.851,9	5.241,9	5.529,2	5,5%	43,5%
Securities	870,9	956,3	647,1	-32,3%	-25,7%
Deposits	2.844,1	3.407,9	3.461,6	1,6%	21,7%
Borrowings	1.092,8	1.751,4	1.863,2	6,4%	70,5%
Subordinated Loan	-	320,5	319,3	-0,4%	NA
Shareholders' Equity	635,5	591,2	593,0	0,3%	-6,7%

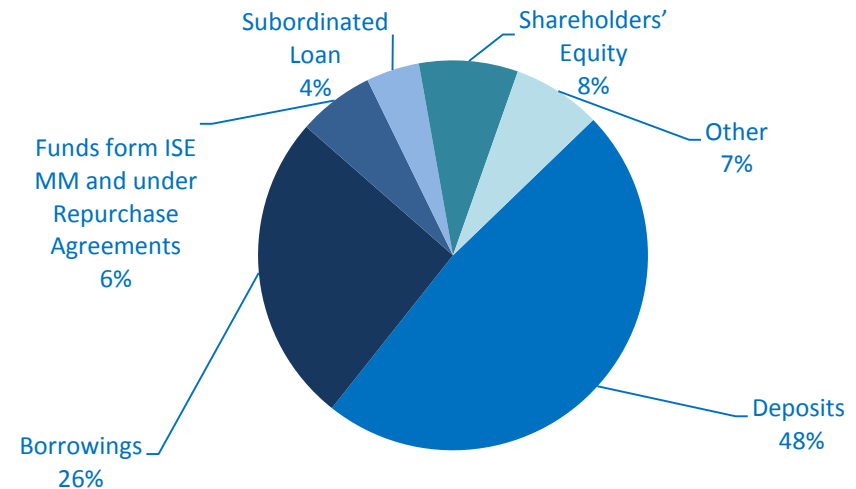
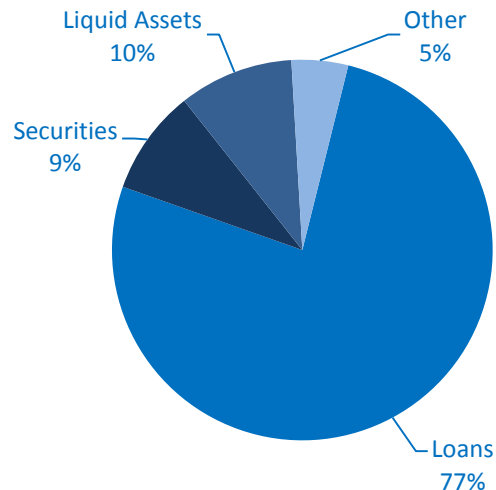
Balance Sheet Ratios

	1H13	2013	1H14
Loans / Assets	70%	72%	76%
Securities / Assets	16%	13%	9%
Loans / Deposits	135%	154%	160%
Loans / Deposits ²	98%	102%	104%

(1) Factoring and Leasing Receivables Included

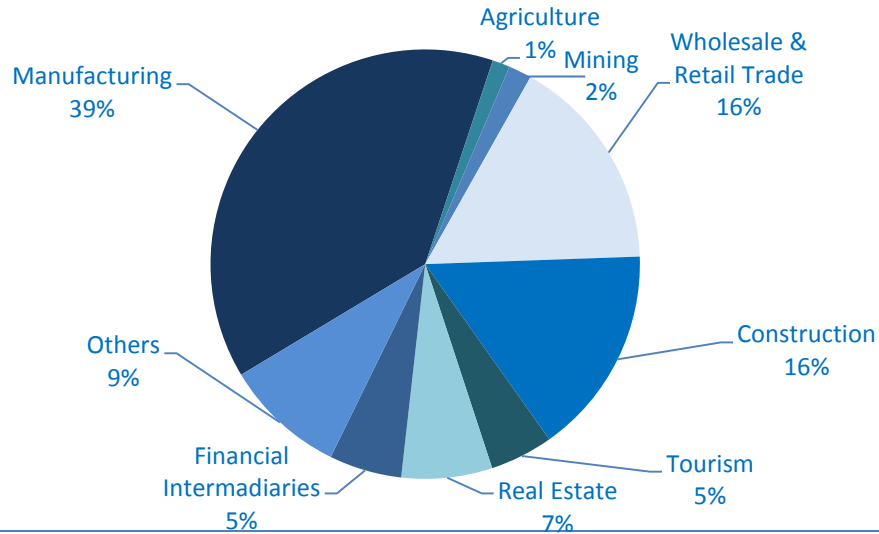
(2) Sub debt and Borrowings included

Asset & Liabilities Composition

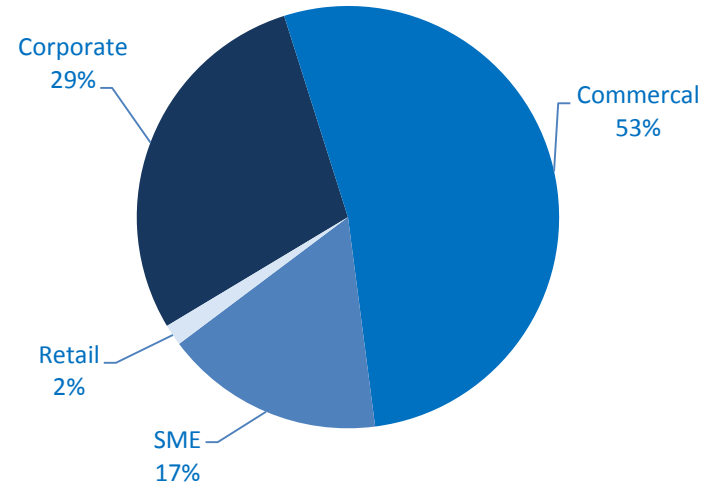


Loan Growth Above Market Average

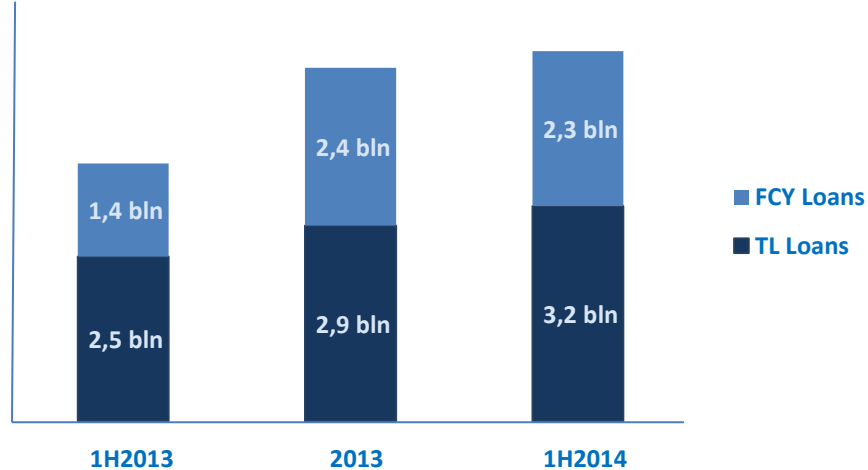
Loan composition by sector



Loan composition by customer segment



Loan Growth



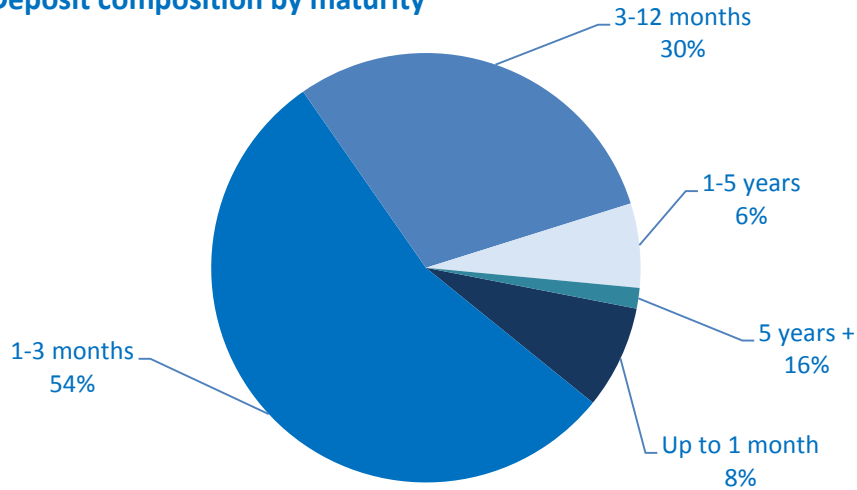
Definition of customer segment

- 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

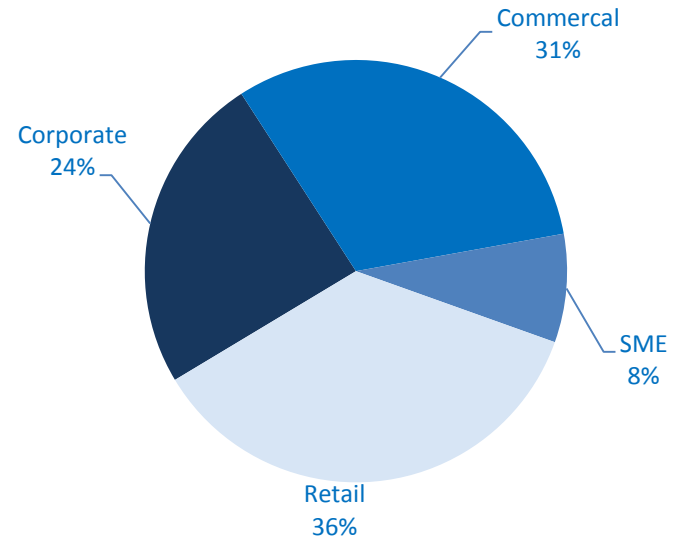
➤ 24 % loan growth is achieved at the end of August 2014.

Deposits Are The Main Funding Source

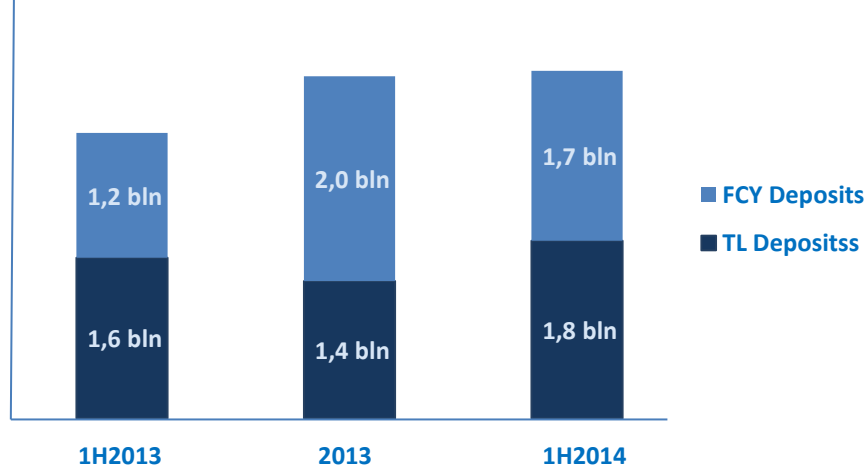
Deposit composition by maturity



Deposit composition by customer segment



Deposit Growth



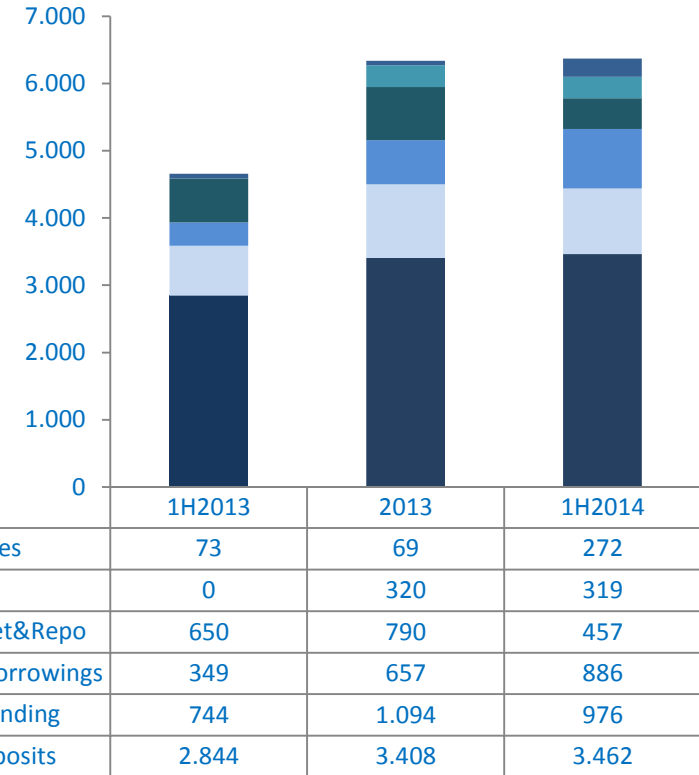
- 42 % deposit growth is achieved at the end of August 2014.
- Well diversified deposit portfolio. The Total of Top 20 deposits receives a share of 26 % out of Total Deposits.
- The biggest depositor share is 2.58 %

Diversified Funding Structure

Funding structure

	1H2013	2013	1H2014	YtD	YoY
Customer Deposits	2.844	3.408	3.462	1,6	21,7
Borrowings	1.093	1.751	1.863	6,4	70,5
Intergroup Funding	744	1.094	976	-10,8	31,2
EIB	140	143	123	-13,9	-12,1
Other Bank Borrowings	105	379	640	68,9	509,5
Eximbank	104	135	123	-8,9	18,3
Sub Debt	0	320	319	0	
Money Market&Repo	650	790	457	-42,2	-29,7
Other Liabilities	73	69	272	294,2	272,6

Breakdown of Funding

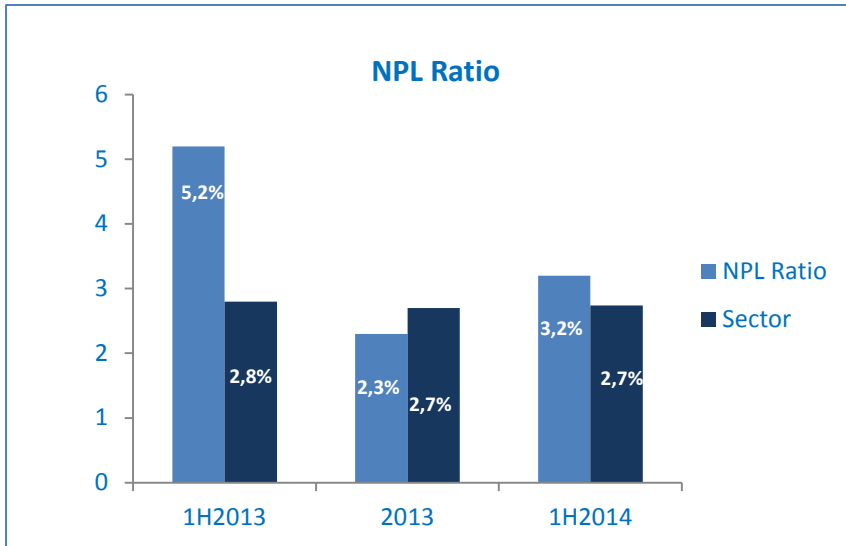


➤ First tranche of equity increase, being 109.184 thousand TRY was paid in cash by BBK, and placed under «other liabilities» item until capital increase process will be finalized.

➤ Commitment of Burgan Bank SAK through intergroup funding continued.

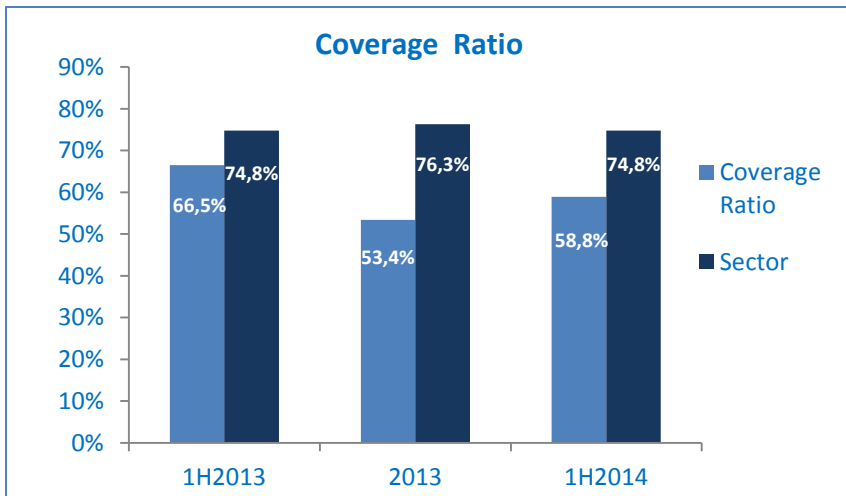
➤ Third party funding sources increased dramatically through the increased cooperation with Correspondent Banks.

Improved Asset Quality



NPL KPIs

	2013	1H2014
Gross Loans (mln TRY)	5.306	5.636
NPL's	120	181
NPL Ratio	2,3%	3,2%
NPL, net of collateral	1,6%	2,4%
NPL coverage, net of collateral	75,7%	80,3%



- Provisioning is in line with BRSA rules and regulations.
- Coverage ratio is below sector average due to the structure of the Loan portfolio.
- Well collateralized commercial and corporate loan portfolio receives a share of 82 % out of the Total Loan portfolio whereas this ratio is 43 % in Turkish Banking Sector.

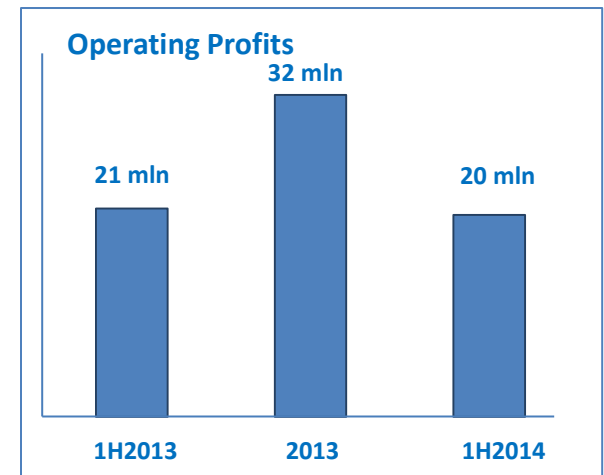
Strong Capitalization

	1H2013	2013	1H2014
Shareholder's Equity (million TRY)	636	591	593
CAR Ratio (%)	13,75	14,99	15,57
Tier 1 Ratio (%)	12,75	8,96	8,55

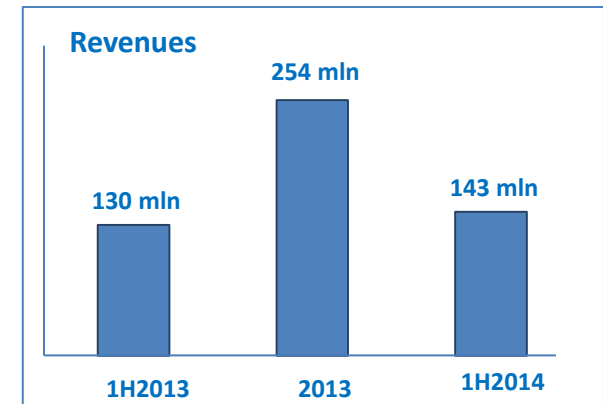
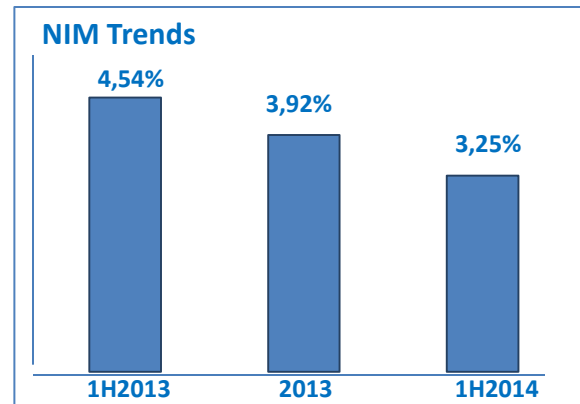
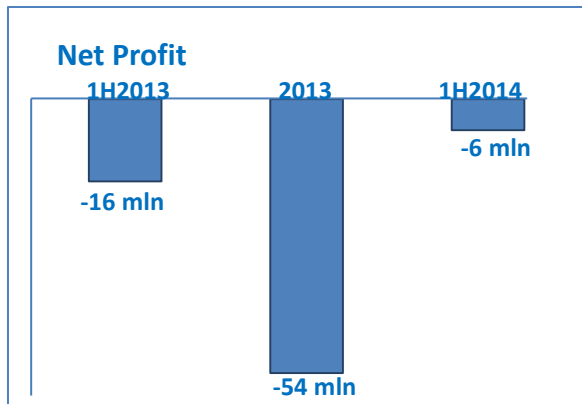
- On May 2014, BOD decided to increase the paid in capital from 570.000 thousand TRY to 900.000 thousand TRY
- First tranche being 109.184 thousand TRY was paid in cash by BBK, corresponding 99.26 % of shares held by BBK. This has been presented in the 2014/1H financials under «Other Liabilities» item as capital increase process was on progress.
- Remaining portion will be increased in max. 24 months

Progress in Earnings

	1H13	2013	1H14	Ytd(*)	y/y
Total Interest Income	198.2	441.2	303.5	37.6%	52.8%
Total Interest Expense	106.6	256.9	202.1	0.4%	89.7%
Net Interest Income	92.0	184.3	101.3	10.0%	10.1%
Total Revenues	130.1	253.8	142.7	12.4%	9.7%
Total Operating Expenses	109.04	222.0	122.7	10.6%	12.1%
Operating Income	20.6	31.8	20.0	25.4%	-3.0%
Provision	37.5	94.8	27.5	-42.1%	-26.8%
Net Profit	-16.1	-53.7	-6.1		62.0%



(*) Calculation is based on annualized figures



- Profit generation started on quarterly basis
- 4.247 thousand TRY net profit was realized in 2Q2014. This figure was – 9.273 thousand TRY in 2Q2013.

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Thank you

