



Burgan Bank A.Ş. Turkey (BBT)

**September 2014 Presentation
(BRSA Consolidated)**

Burgan Bank Group

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

Operating Environment

Macro Economic Outlook - Turkey

Ratings

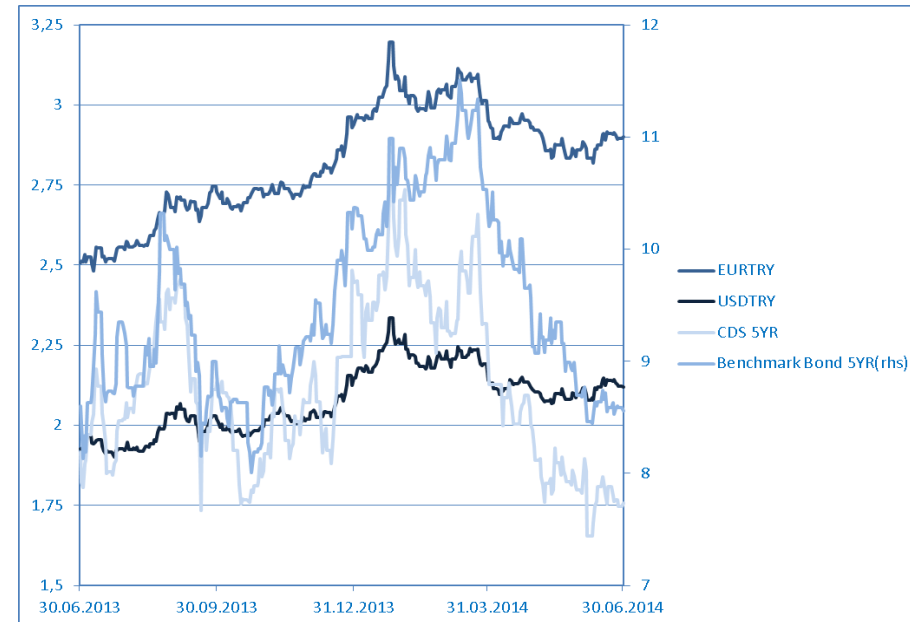
	Fitch	Moody's	S&P
Long Term FC Rating	BBB-	Baa3	BB+
Outlook	Stable	Negative	Negative

Key Indicators

	2013	2014F	2015F(*)
Nominal GDP (USD bln)	821,9	807,8	850,1
Population (mil)	76,7	77,7	78,7
GDP per capita (USD)	10.807	10.400	10.800
Real GDP (% change)	4,1%	3,0%	3,5%
CPI (Inflation)	7,4	9,0	7,0
Gov. Debt (USD bln)	297,8	290,0	306,0
Gov. Debt / GDP	36,3	36,0	36,0
Current Account Bal. / GDP	-7,9	-5,8	-5,7
Forex Reserves (USD bln)	133	135	140
Trade Balance (USD bln)	-100	-84	-85
Export (USD bln)	152	159	165
Imports (USD bln)	252	243	250

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 in 1H, and supported by domestic demand in 2H. Rising exports and subdued imports have underpinned the external rebalancing process. Current account deficit has narrowed significantly since the beginning of the year, and is estimated to recede towards 5,8% of the GDP by YE14 and 5,7% of GDP by YE15, from 7,9% in 2013. Inflation fluctuates around 9% as of October, triggered by roughly 30% depreciation of the TRY and accelerating food inflation, but is expected to settle at roughly 7% by YE15, once these effects fade away.



(*) Source: Burgan Securities Co. Macroeconomic Research

Operating Environment Turkish Banking Sector

Number of Banks: 50

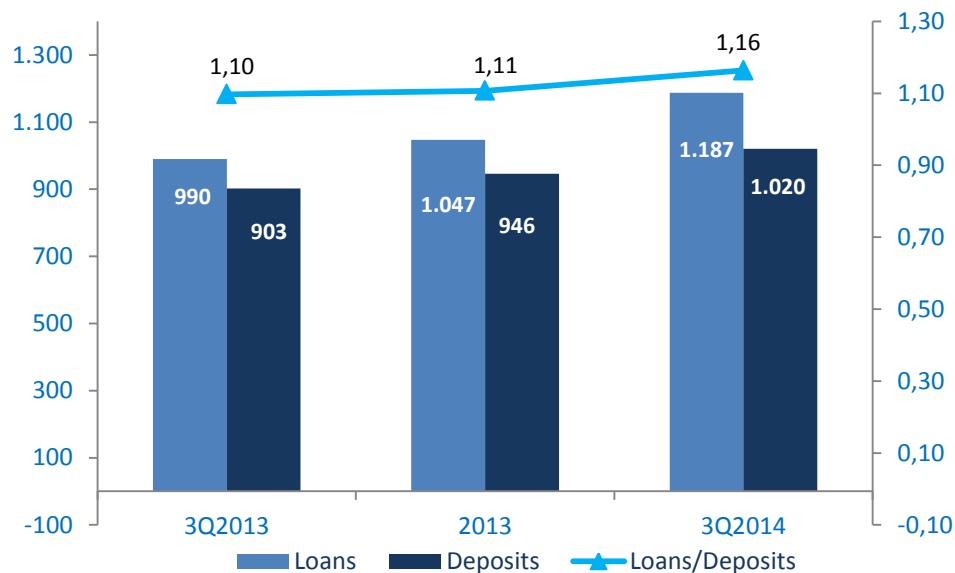
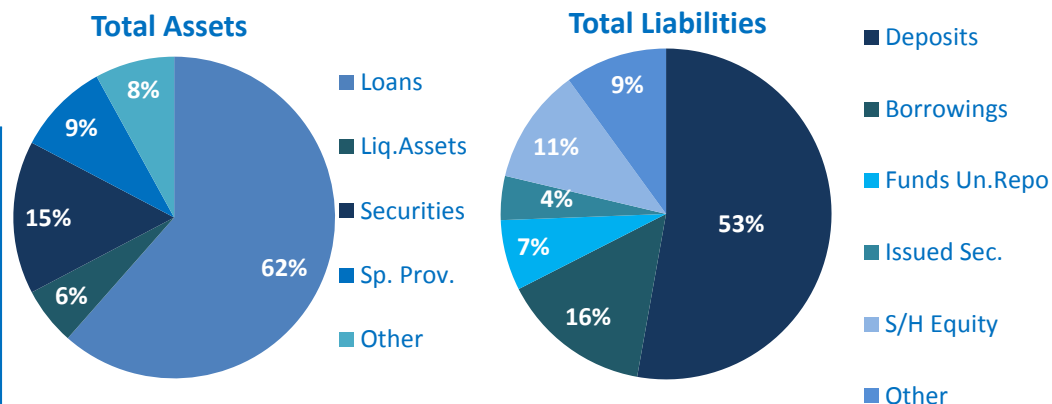
➤ Number of Depository Banks: 33

Growth (billionTRY)	3Q2013	2013	3Q2014	YtD	YoY
Total Assets	1.649	1.732	1.930	11,4%	17%
Total Deposits	902,7	945,8	1.020	7,8%	13%
Total Loans	990,4	1.047	1.187	13,4%	19,8%
Net Profit	19,85	24,73	18,76	26,01%*	-5,5%

(*Annualized)

Key B/S Ratios(%)	3Q2013	2013	3Q2014
ROA	1,7	1,6	1,3
ROE	11,3	14,2	9,4
NPL	2,8	2,7	2,9
CAR	15,7	15,3	15,9
NIM	3,9	3,7	3,4
Coverage	76,0	76,3	72,7
Loan/Deposit	109,7	110,7	116,3
Total Assets/GDP	108,8	114,1	115,9
Total Loans/GDP	65,3	69,0	71,9
Total Deposits/GDP	59,6	62,3	61,3

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 2,7 bn \$
- Having a network of 240 branches across 8 countries
- Carrying an asset size of 25 bn \$
- Successfully priced a USD 500 mn fully Basel -3 compliant Tier 1 Perpetual Eurobond. First fixed rate USD benchmark bond issuance from a Kuwaiti financial institution.

Shareholding Structure

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

Financial Performance

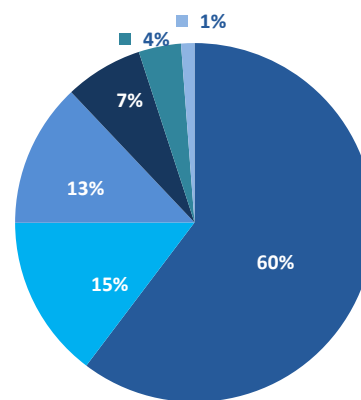
3Q2014 vs. 3Q2013

Revenue Growth (YoY)	13,4%
Operating Profit Growth (YoY)	18,8%
Cost to Income Ratio	46.4%
Loans to Cust. Deposits	91,7%
Liquidity Ratio	30,2%
NPA Ratio	3,8%
NPA net of Collateral Ratio	2,0%
ROE	18,7%

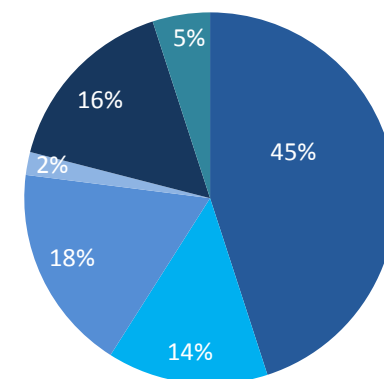
Ratings

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

Loan+Deposit by International Operations



Revenues by Int. Operations



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

- International operations contributing 40% in Total Assets and 55 % in Revenues
- Burgan Bank, Turkey is ranked as the biggest contributor among Burgan Subsidiary Banks in Loans + Deposit share.
- Ranked as the third contributor for revenue generation

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

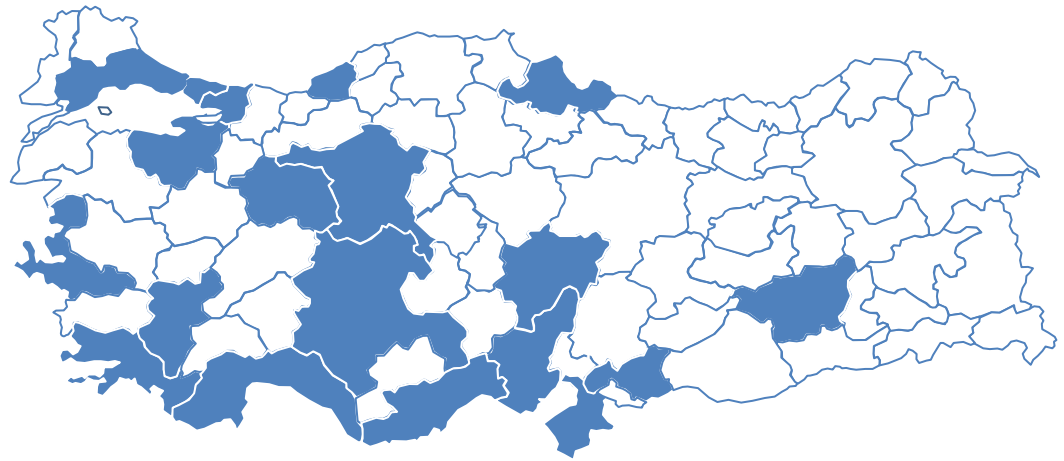
➤ Burgan Bank A.Ş. has two subsidiaries

- 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 (million TRY)

	3Q2013	2013	3Q2014	YtD	Y/Y
Total Assets	6.484,1	7.304,4	8.368,8	14,5%	29,0%
Loans ¹	4.349,2	5.241,9	6.588,9	25,7%	51,5%
Securities	1.036,5	956,3	570,7	-40,3%	-45,0%
Deposits	3.184,0	3.407,9	4.671,8	37,0%	46,7%
Borrowings	1.490,3	1.751,4	1.970,8	12,5%	32,2%
Subordinated Loan	-	320,5	342,4	6,8%	NA
Shareholders' Equity	620,4	591,2	596,6	0,9%	-3,8%

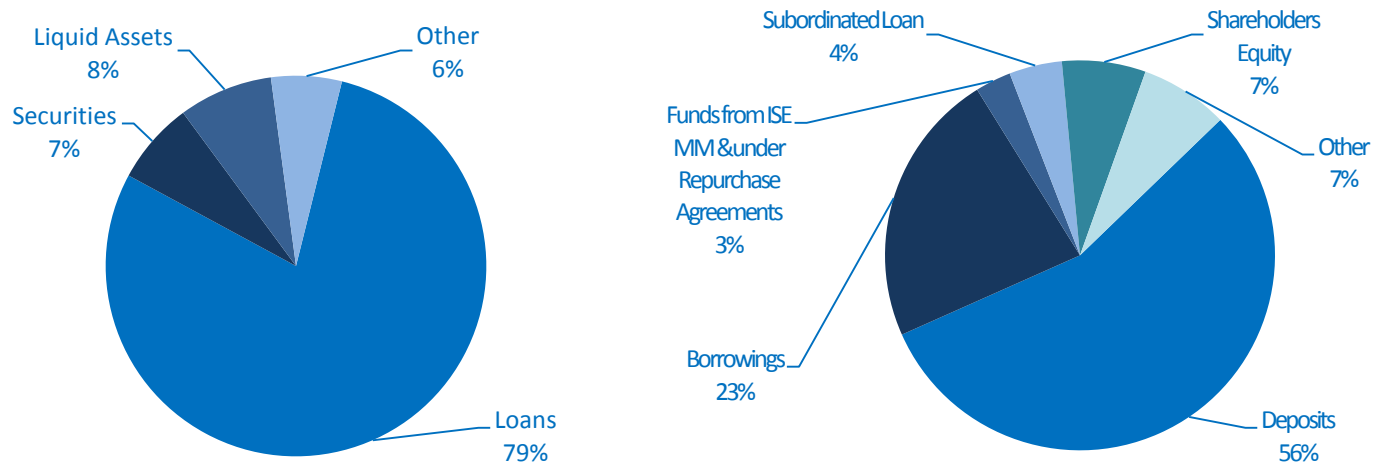
Balance Sheet Ratios

	3Q2013	2013	3Q2014
Loans / Assets	67%	72%	79%
Securities / Assets	16%	13%	7%
Loans / Deposits	136%	154%	141%
Loans / Deposits ²	93%	96%	94%

(1) Factoring and Leasing Receivables Included

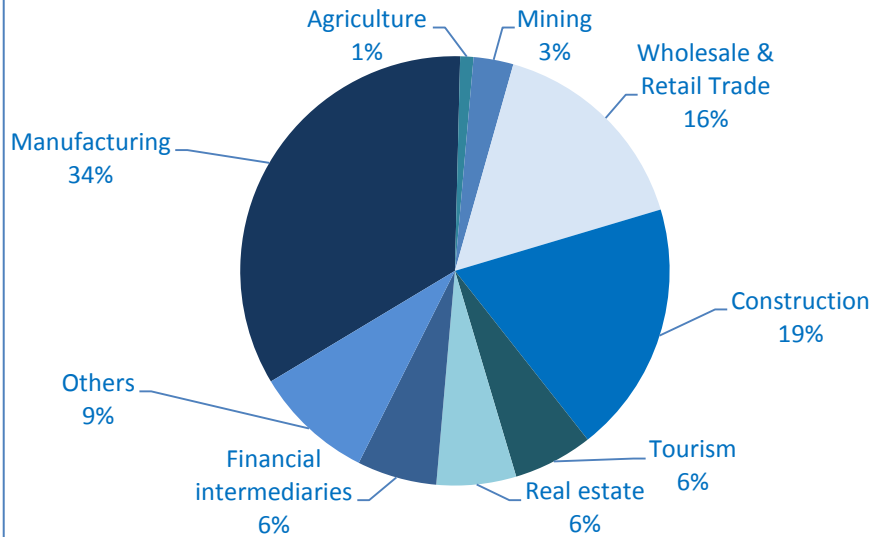
(2) Sub debt and Borrowings included

Asset & Liabilities Composition

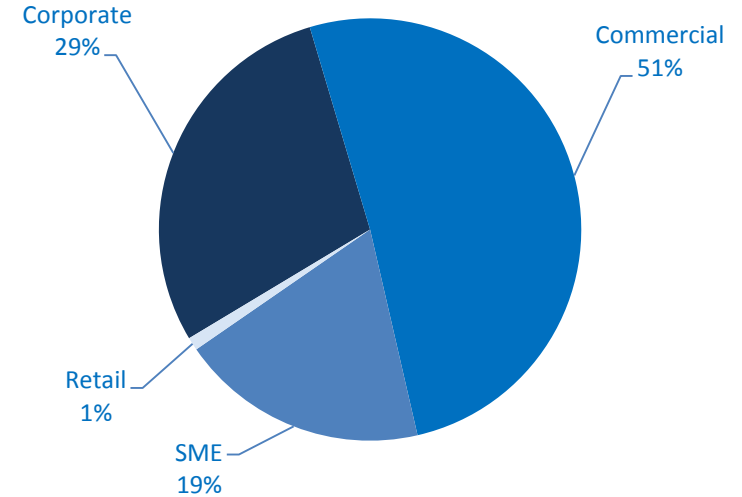


Loan Growth Above Market Average

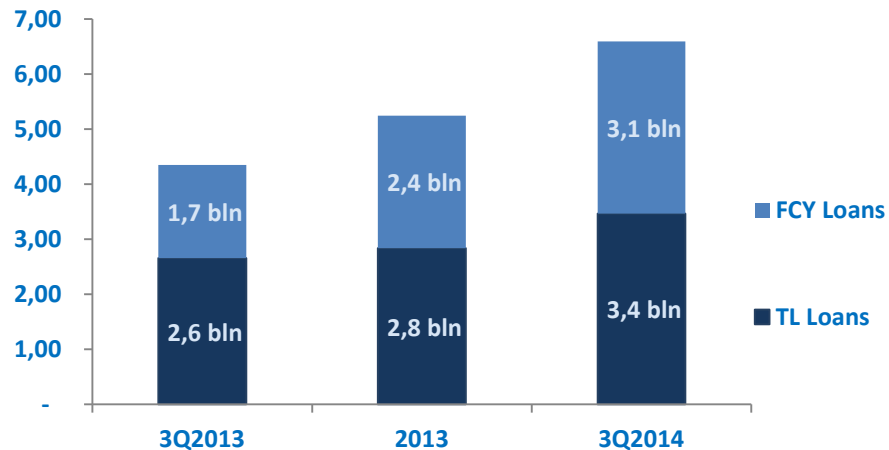
Loan composition by sector



Loan composition by customer segment



Loan Growth(billion TRY)



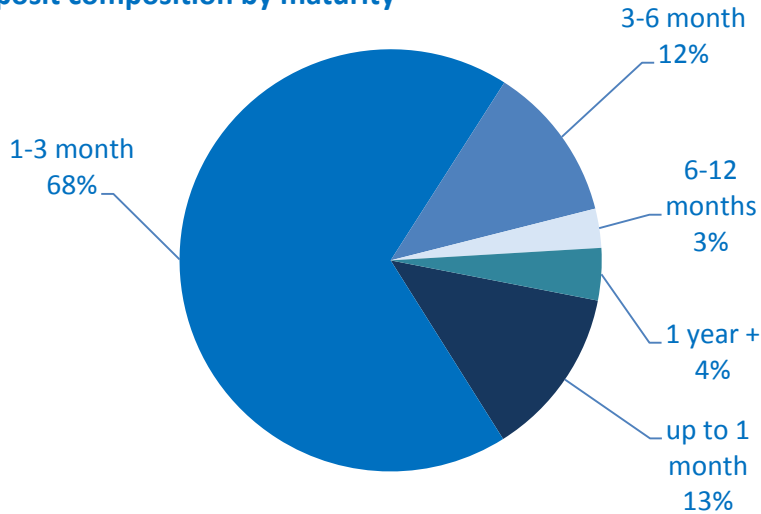
Definition of customer segment

- 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

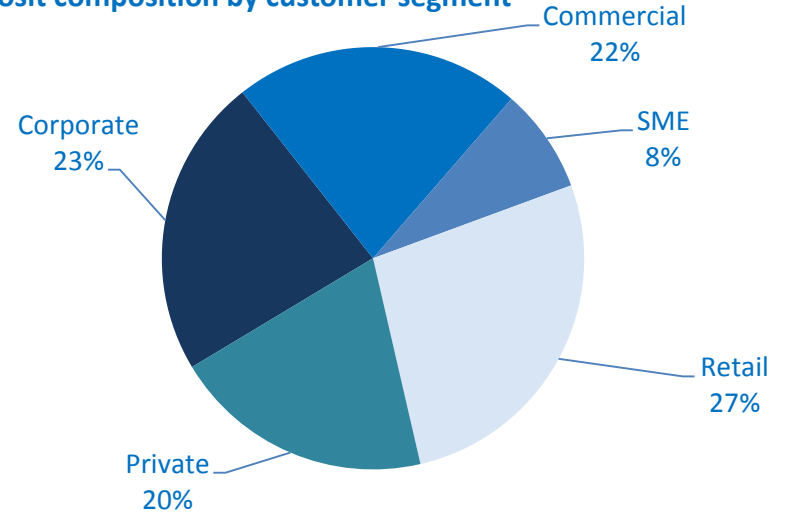
- 26 % loan growth is achieved at the end of September 2014.

Deposits Are The Main Funding Source

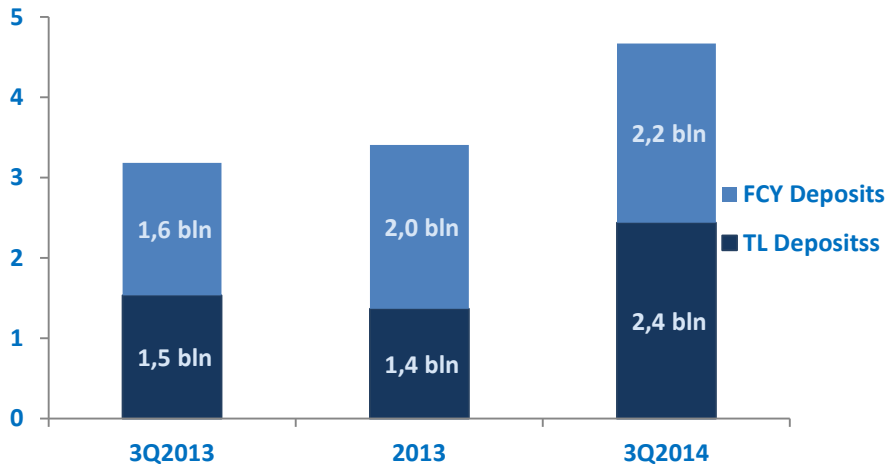
Deposit composition by maturity



Deposit composition by customer segment



Deposit Growth(billion TRY)



- 37 % deposit growth is achieved at the end of September 2014.
- Well diversified deposit portfolio. The Total of Top 20 deposits receives a share of 25,6 % out of Total Deposits.
- The biggest depositor share is 2,39 %

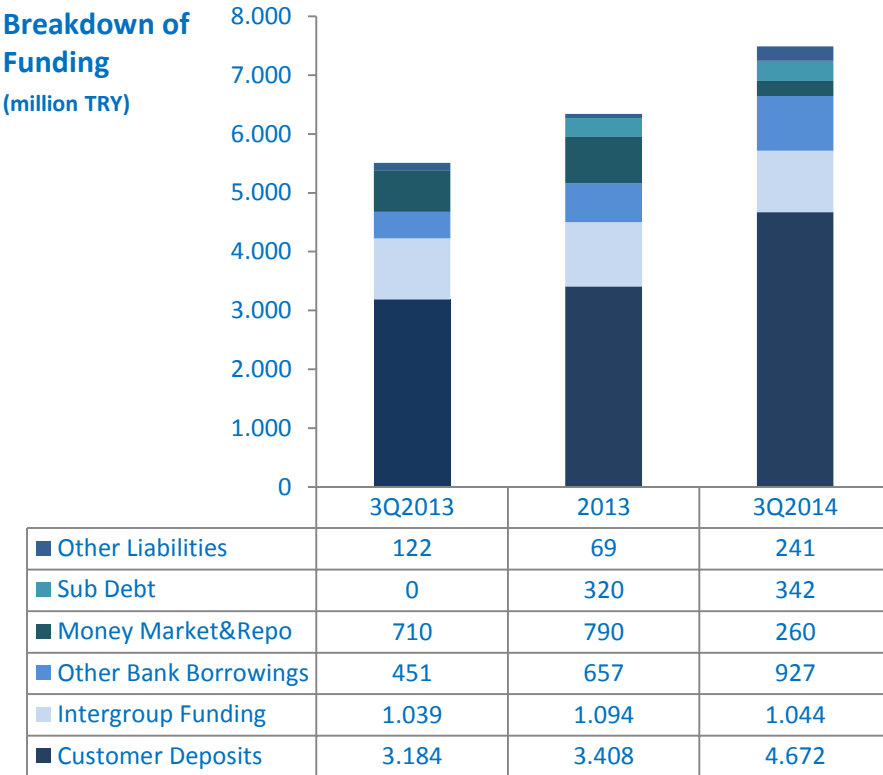
Diversified Funding Structure

Funding structure (million TRY)

	3Q2013	2013	3Q2014	YtD	YoY
Customer Deposits	3.184	3.408	4.672	37,1%	46,7%
Borrowings	1.490	1.751	1.971	12,5%	32,3%
Intergroup Funding	1,039	1.094	1,044	-4,6%	0,4%
EIB	152	143	125	-12,6%	-17,8%
Other Bank Borrowings	170	379	706	86,3%	315,2%
Eximbank	129	135	96	-28,9%	-25,6%
Sub Debt	-	320	342	6,9%	NA
Money Market&Repo	710	790	260	-67,1%	-63,4%
Other Liabilities	122	69	241	249,3%	97,5%

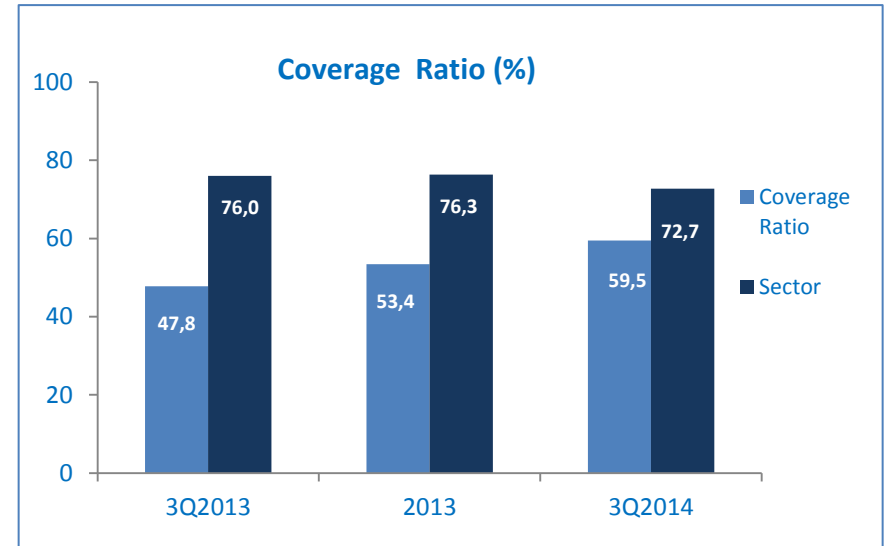
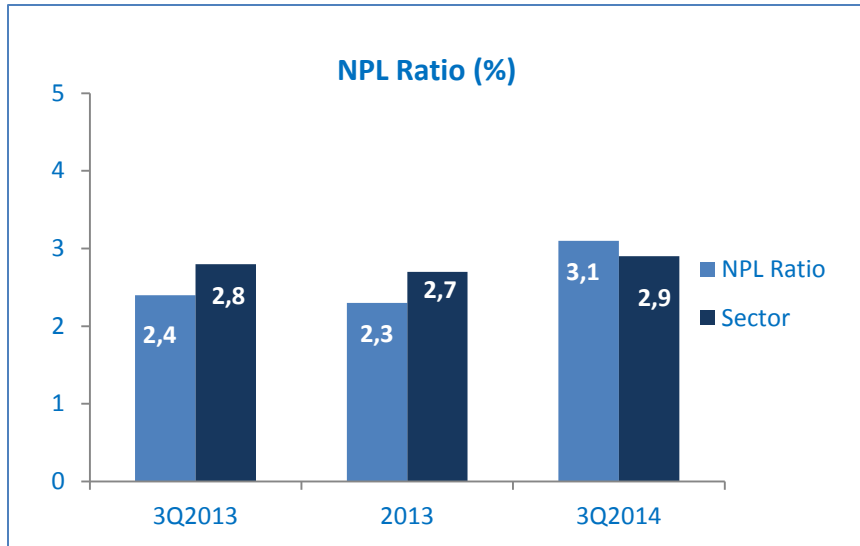
- First tranche of equity increase has been completed and 109.184 thousand TRY was injected into the capital as of November 2014
- Second tranche of equity increase, being 218.372 thousand TRY was paid in cash by BBK and capital injection is under approval process with the regulator(BRSA)
- Commitment of Burgan Bank SAK through intergroup funding continued.

Breakdown of Funding (million TRY)



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

Improved Asset Quality



NPL KPIs	3Q2013	3Q2014
Gross Loans (million TRY)	4.399	6.716
NPL's(million TRY)	105	210
NPL Ratio	2,4%	3,1%
NPL, net of collateral	71	152
NPL coverage, net of collateral	70,7%	86,4%

- 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

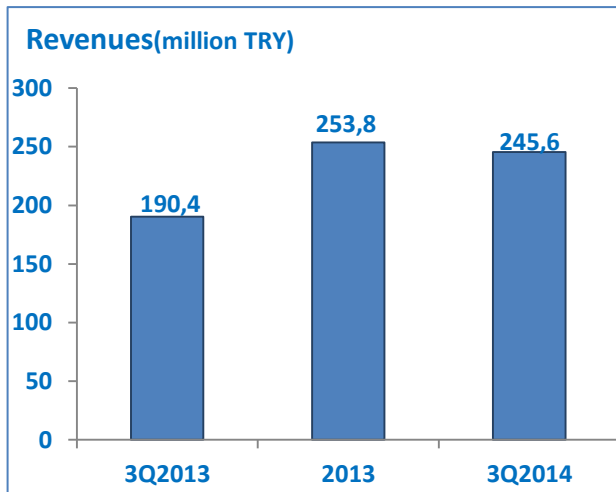
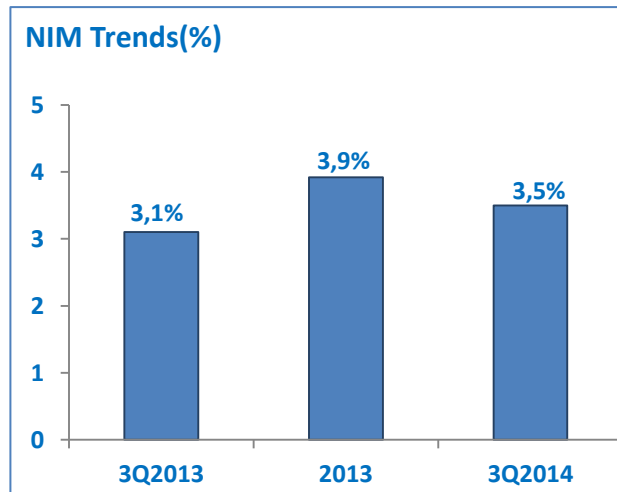
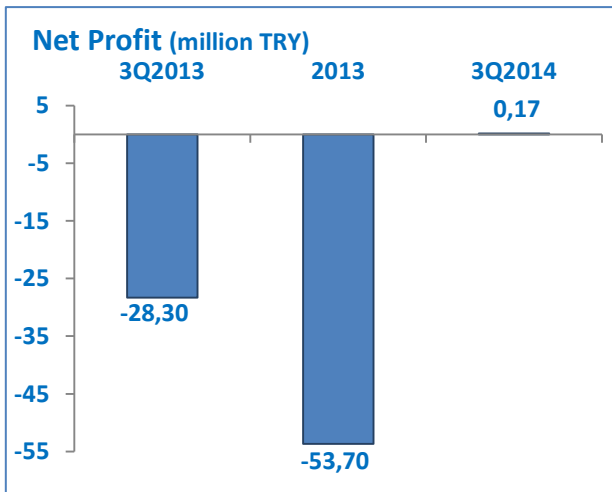
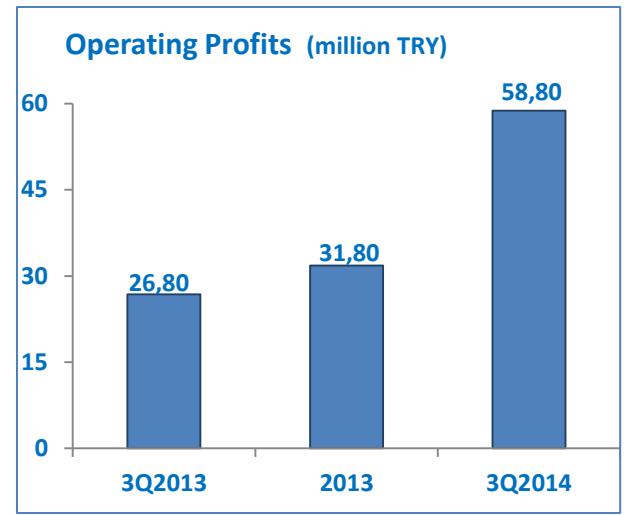
	3Q2013	2013	3Q2014
Shareholder's Equity (million TRY)	620	591	597
CAR Ratio (%)	12,05	14,99	14,64
Tier 1 Ratio (%)	11,06	8,96	7,63

- 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 3Q2014 financials under «Other Liabilities» item as capital increase process was on progress. However as of November 2014 process was completed and it was injected into capital
- At the same period remaining portion being 218.372 thousand TRY was paid in cash by BBK and is awaiting BRSA's approval

Progress in Earnings

(million TRY)	3Q2013	2013	3Q2014	Ytd(*)	y/y
Total Interest Income	315,7	441,1	479,0	44,8%	51,7%
Total Interest Expense	177,8	256,8	309,9	60,9%	74,2%
Net Interest Income	137,8	184,2	169,0	22,3%	22,6%
Total Revenues	190,4	253,8	245,6	29,0%	28,9%
Total Operating Expenses	163,6	222,0	186,7	12,1%	14,1%
Operating Income	26,8	31,8	58,8	146,5%	119,9%
Provision	57,2	94,8	56,3	-20,8%	-1,5%
Net Profit	-28,3	-53,7	0,172	-100,4%	-100,6%

(*) Calculation is based on annualized figures



- Profit generation started on yearly basis
- 172 thousand TRY net profit was realized in 3Q2014. This figure was -28.324 thousand TRY in 3Q2013.

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Thank you

