

BURGAN BANK GROUP

INVESTOR PRESENTATION

9M'23 FINANCIAL RESULTS

1ST NOVEMBER 2023

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Overview & Operating Strategy

BURGAN AT A GLANCE

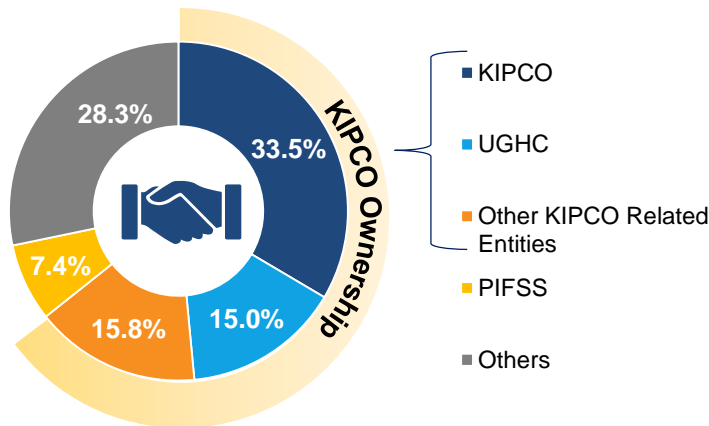
About Us

- Established in 1977 as Joint Stock Company by the Government of Kuwait and privatized in 1997.
- Listed on Bursa Kuwait in 1984 and grew to be one of the leading conventional banks in Kuwait (in terms of total assets)⁽¹⁾, with a market capitalization of KD 628 million⁽²⁾.
- Has one of the largest regional networks of 128 branches and 295 ATMs ⁽¹⁾.

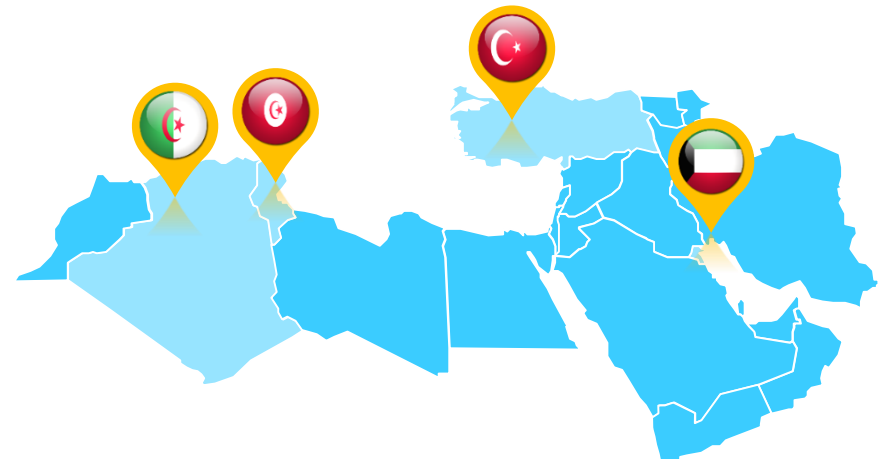
Credit Ratings

	Rating ⁽¹⁾
	A (Outlook: Stable)
	Baa1 (Outlook: Stable)
	BBB+ (Outlook: Stable)
	A+ (Outlook: Stable)

Ownership Structure^{(1),(3)}







Our Presence



Notes: (1) As of 30th September 2023; (2) Based on share price as at 27th September 2023 (Source: Kuwait Bourse); (3) KIPCO: Kuwait Projects Company Holding K.S.C.P., UGHC: United Gulf Holding Company B.S.C. and PIFSS: Public Institution for Social Security

KUWAIT FOCUSED BANK WITH REGIONAL DIVERSIFICATION

Franchises	Ownership ⁽¹⁾	Domestic Market Position ⁽¹⁾	Business Model	% of Group Assets ^{(1),(3)}
Burgan Bank Kuwait 	N/A	One of the top three conventional Banks ⁽²⁾	Corporate banking is the key business; Retail Banking growth is a focus area	77%
Burgan Bank Turkey 	99.7%	Niche Player	Corporate and Commercial clients are key segments; One of the best digital banking platform; individual clients focus increased	11%
Gulf Bank Algeria 	86.0%	Growing Private sector Bank	Focused on Trade Finance & Corporate Banking segment; Growing retail franchise	10%
Tunis International Bank 	86.7%	Offshore Bank	Focused on Trade Finance and Financial Institutions business	2%

Notes: (1) As at 30th September 2023; refer to effective shareholding; (2) Based on total assets; (3) Total Assets excluding consolidation adjustments

BURGAN'S LONG-TERM STRATEGIC PRIORITIES



A. Strengthen Kuwait Business

- ☞ **Revitalize** key businesses in Kuwait *such as Retail banking*
- ☞ **Focus** on embedding ESG across businesses



B. Strategic Asset Reallocation

- ☞ **Sale** of non-core assets
- ☞ **Pursue Cautious Growth** in subsidiaries
- ☞ **Increase** Kuwait's share of Group's assets



C. Digital Transformation

- ☞ Delivering **Superior Customer Experience**
- ☞ Collaborative **Group-wide Digital Strategy**

Enablers



Culture Transformation



Enhancing Systems' Capabilities



Strengthening Risks and Controls

Key Performance Highlights

KEY PERFORMANCE HIGHLIGHTS



Robust Earnings

- 9M'23 Revenue grew by 17% y-o-y supported by improved fee income, FX income & recoveries
- 9M'23 Operating Profit grew by 21% y-o-y



Stable Asset Quality

- NPL Ratio continues to be $\leq 2\%$ levels.
- Provisions Coverage Ratio healthy at 200%+
- 9M'23 CoC lower at 20bps[^]



Resilient Franchises

- Strong Growth in Kuwait
 - ✓ Loans: +5% y-o-y
 - ✓ Deposits: +28% y-o-y
- Continued Outperformance by Turkey
 - ✓ 9M'23 Revenue: 65% y-o-y
 - ✓ 9M'23 Net Income: +153% y-o-y



Capital & Liquidity

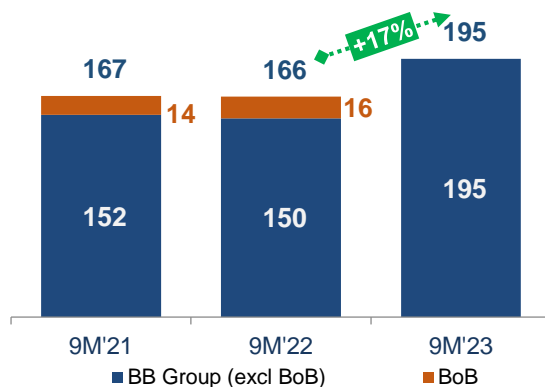
- Optimal Capital ratios:
 - ✓ CET1: 11.3%
 - ✓ CAR: 17.6%
- Strong Liquidity ratios:⁽¹⁾
 - ✓ NSFR: 120%
 - ✓ LCR: 174%

(1) Represents daily average ratios for the quarters.; [^]Adjusted for provisions provided against one-off recoveries

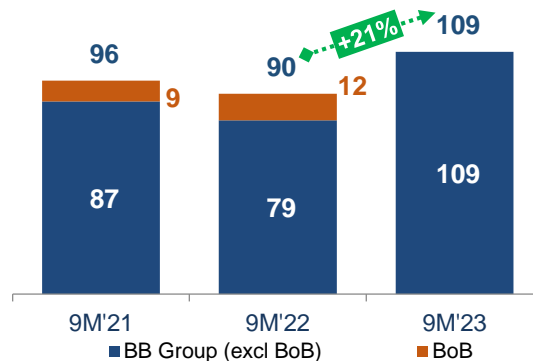
Financial Review – 9M'23

P&L METRICS

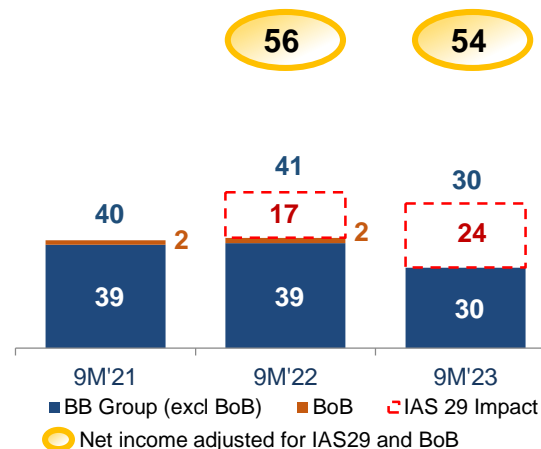
Revenue⁽⁴⁾ | KD mn



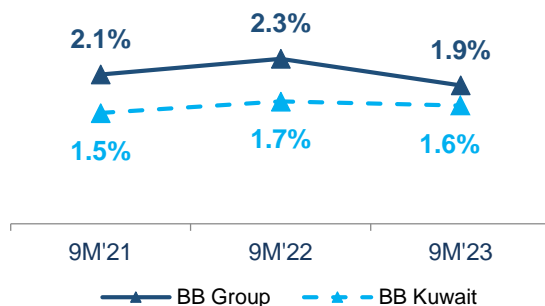
Operating Profit⁽⁴⁾ | KD mn



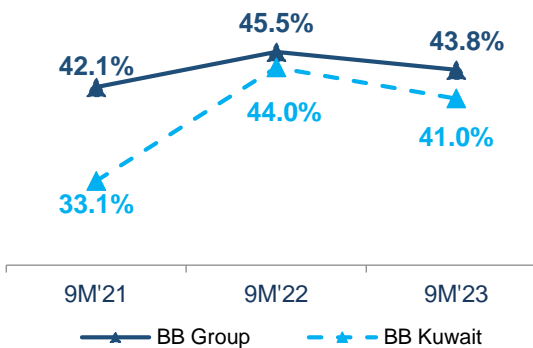
Net Income⁽¹⁾ | KD mn



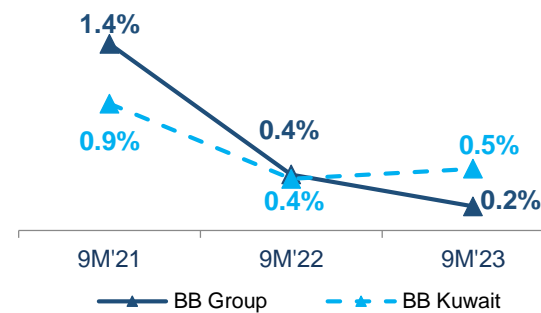
Net Interest Margin (NIM)⁽³⁾ | %



Cost to Income Ratio (CIR) | %



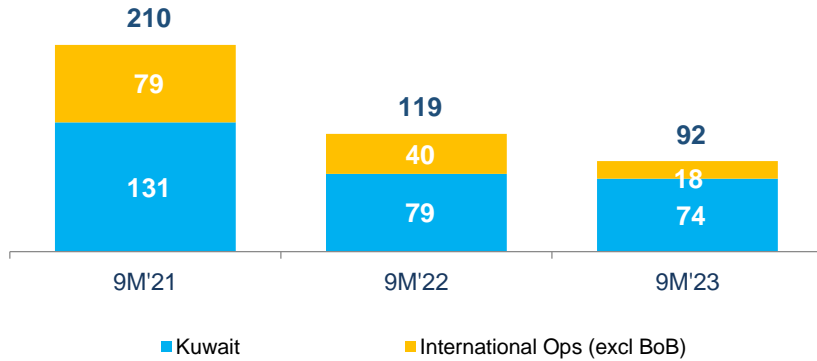
Cost of Credit (CoC)^{(2),(3),(4)} | %



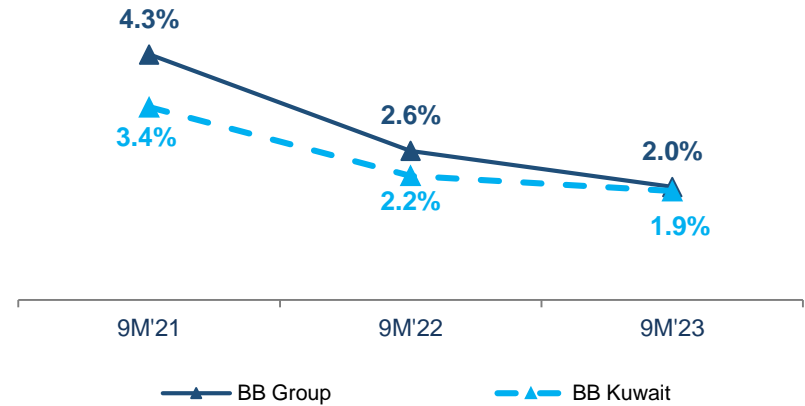
Notes: (1) Net Income attributable to equity holders of bank; (2) Cost of Credit based on Loan Loss Provisions over Gross Loans; (3) NIM & CoC have been annualized; (4) 9m'23 CoC Adjusted for provisions provided against one-off recoveries; 9m'23 Revenue & Operating Profit include the said one-offs recoveries. Bank of Baghdad (BoB) was classified as Held for sale during 9M'21 & 9M'22 and it was sold in Feb'23.

ASSET QUALITY METRICS

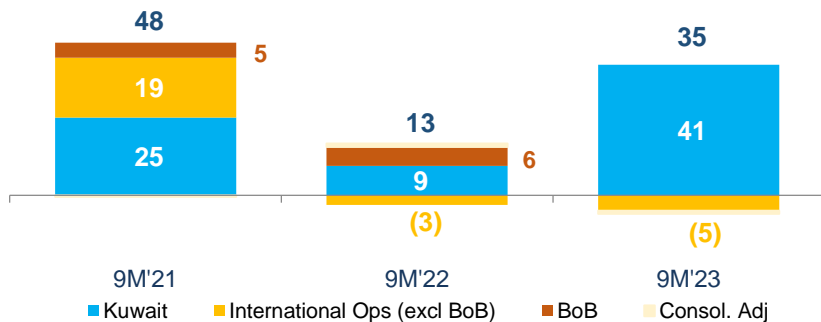
Non-Performing Loans (NPLs) | KD mn



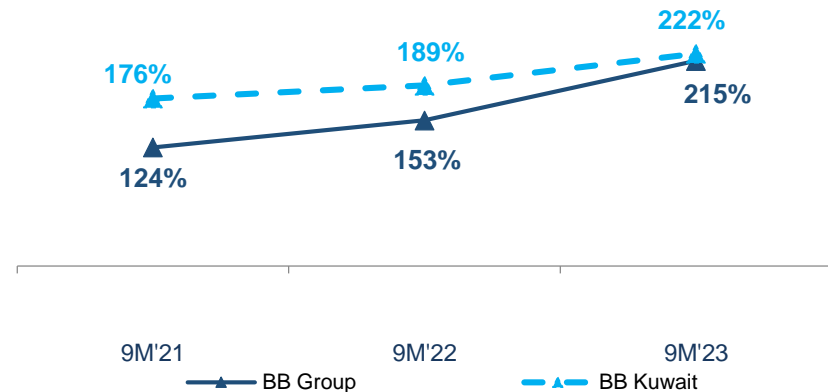
NPL Ratio | %



Provision Charge⁽¹⁾ | KD mn



Provisions Coverage Ratio⁽²⁾ | %

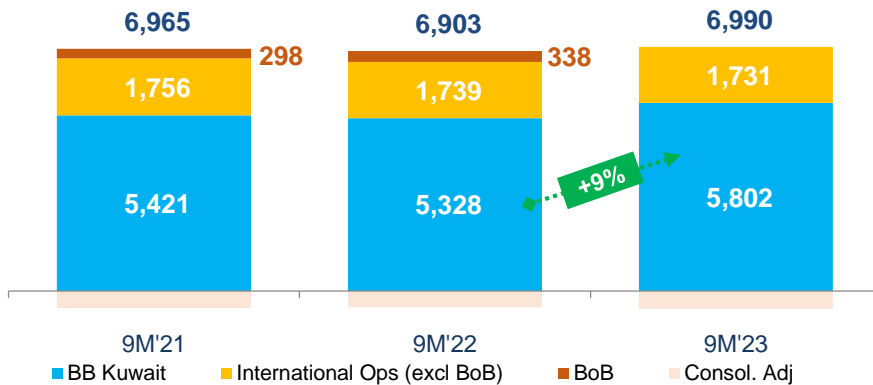


Notes: (1) Loan loss provision only; (2) Provisions coverage ratio calculated as cash provision / NPLs.

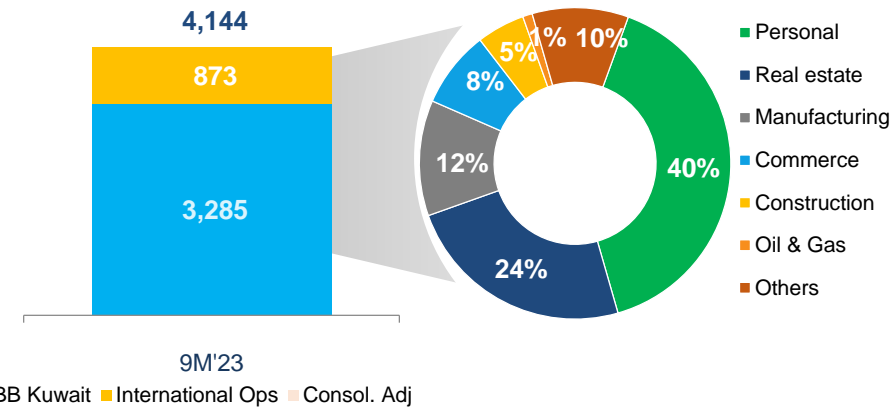
NPL, NPL ratio & Provision coverage Ratio excludes BoB as it was classified as Held for sale during 9M'21 & 9M'22 and it was sold in Feb'23.

ASSETS & LOANS

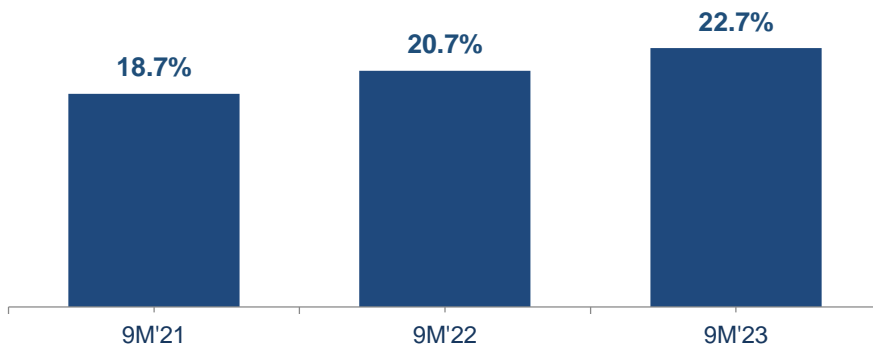
Total Assets | KD mn



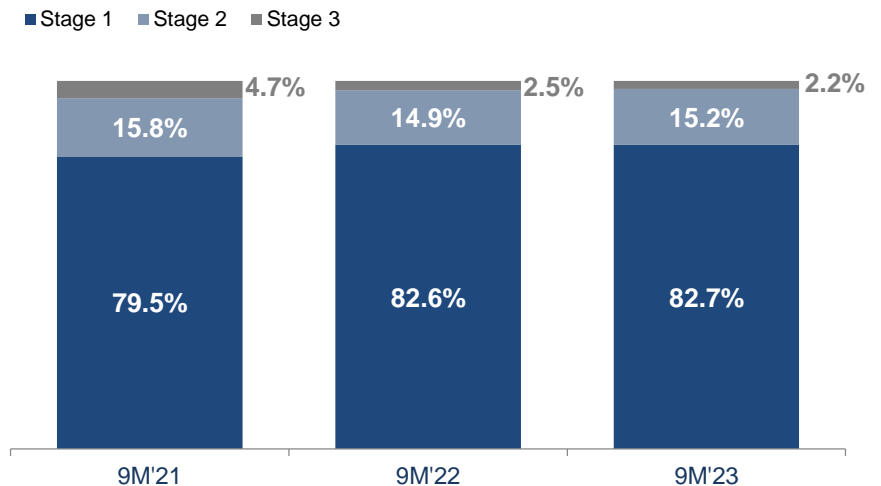
Customer Loans & Sector Concentration | KD mn, %



Liquid Assets Ratio⁽¹⁾ | %



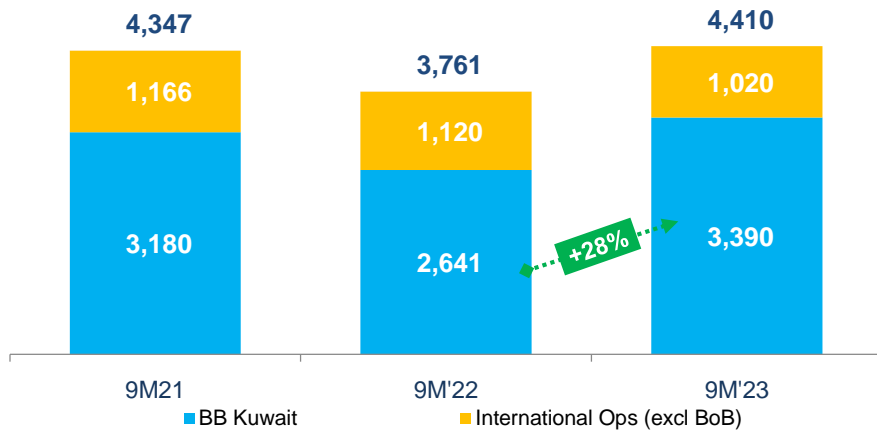
Loans by Stages⁽²⁾ | %



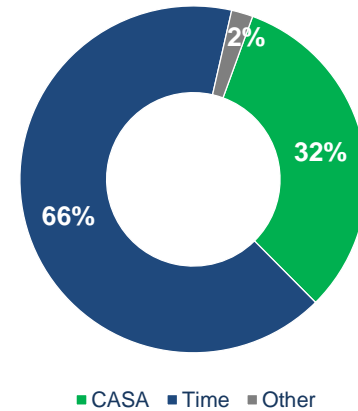
Notes: (1) Computed as Liquid Assets (Cash & cash Equ.+ T-bills / bonds+ Dues from Banks & OFIs) / Total Assets excl BoB; (2) Represents IFRS 9 classification. BoB was classified as Held for sale during 9M'21 & 9M'22 and it was sold in Feb'23.

LIQUIDITY PROFILE

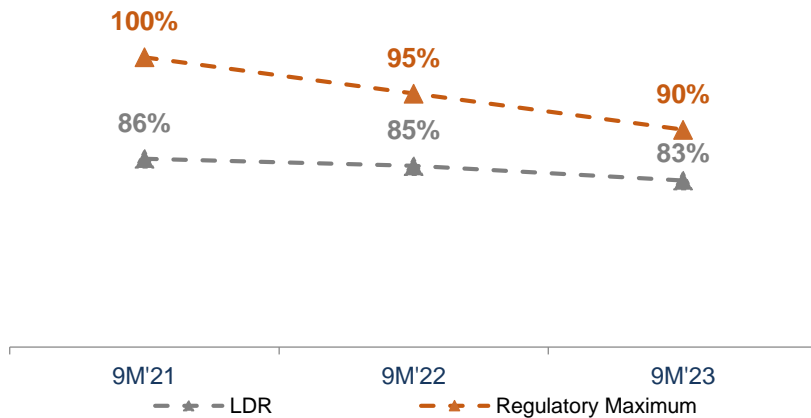
Customer Deposits | KD mn



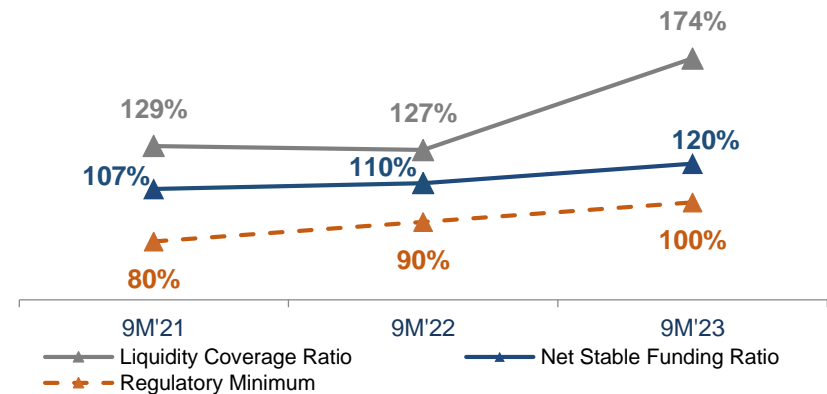
Deposits by Type – 9M'23 | %



Loan to Deposit Ratio (LDR) | %



Regulatory Liquidity Metrics^ | %

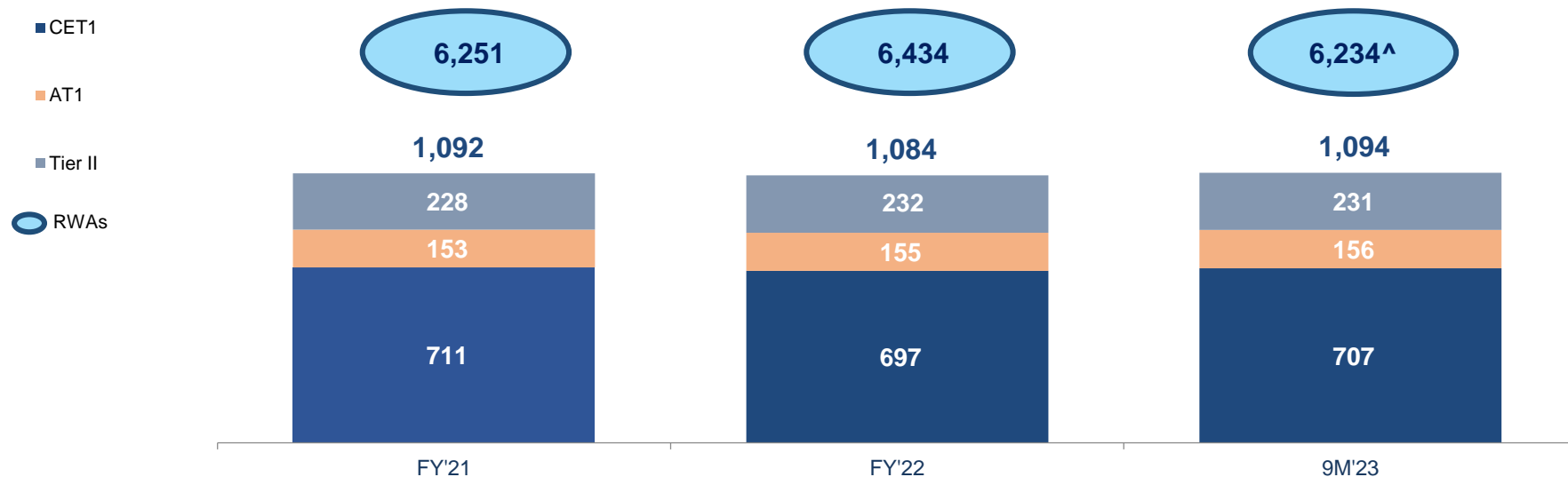


^ Represents daily average ratios for the quarters.

Customer Deposits excludes BoB as it was classified as Held for sale during 9M'21 & 9M'22 and it was sold in Feb'23.

CAPITAL POSITION

Regulatory Capital | KD mn, %



	FY'21	Reg. Min	FY'22	Reg. Min	9M'23	Reg. Min
CET 1 %	11.4%	8.0%	10.8%	9.0%	11.3%	10.5%
Tier 1 %	13.8%	9.5%	13.2%	10.5%	13.9%	12.0%
CAR %	17.5%	11.5%	16.8%	12.5%	17.6%	14.0%

[^] RWAs lower in 9M'23 predominantly due to sale of BoB in Feb'23

KPIs ACROSS FRANCHISES

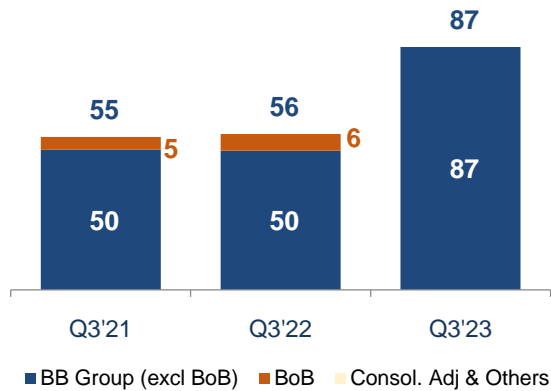
CONTRIBUTION ⁽¹⁾		KPIs ⁽²⁾							
 Kuwait ⁽⁵⁾	ASSETS								
		NIM	Δ%	CI RATIO	Δ%	CoC ⁽³⁾	Δ%	NPL RATIO	Δ%
		1.6%	(10 bps)	41.0%	(300 bps)	0.5%	+10 bps	1.9%	(30 bps)
 Turkey	ASSETS								
		NIM	Δ%	CI RATIO	Δ%	CoC ⁽³⁾	Δ%	NPL RATIO	Δ%
		2.3%	(160 bps)	33.1%	(180 bps)	(2.3)%	(100 bps)	1.2%	(400 bps)
 Algeria	ASSETS								
		NIM	Δ%	CI RATIO	Δ%	CoC ⁽³⁾	Δ%	NPL RATIO	Δ%
		5.0%	(90 bps)	52.4%	+5.1 pps	0.7%	(20 bps)	2.8%	+40 bps
 Tunisia	ASSETS								
		NIM	Δ%	CI RATIO	Δ%	CoC ^{(3),(4)}	Δ%	NPL RATIO	Δ%
		4.3%	+200 bps	24.9%	(17.2 pps)	0.9%	+60 bps	0.3%	↔

Notes : (1) Contribution percentages have been rounded-off & are before consol. adj; Contributions in KDs; (2) Deltas are for 9M'23 over 9M'22; (3) CoC computed as loan loss provisions on Gross loans. Kuwait CoC Adjusted for provisions provided against one-offs recoveries ; (4) TIB's CoC computed as loan loss provisions on Gross loans + Dues from banks & OFI's ; (5) BB Kuwait numbers are as per MIS view; * bps: Basis point; pps: Percentage Point; NIM & CoC have been annualized

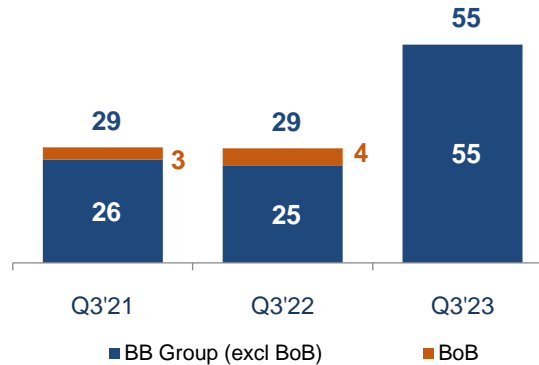
Financial Review – Q3'23

Q3'23 EARNINGS UPDATE

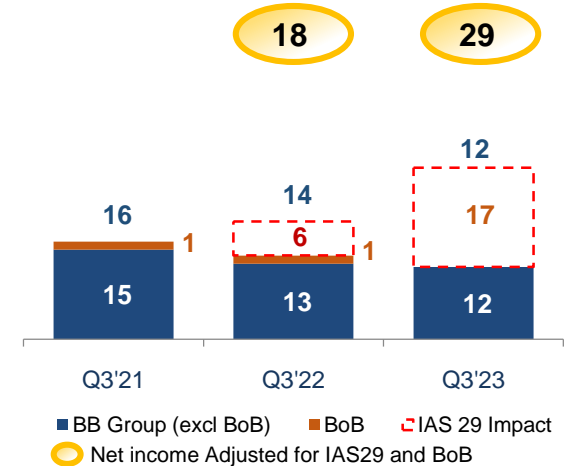
Revenue⁽⁴⁾ | KD mn



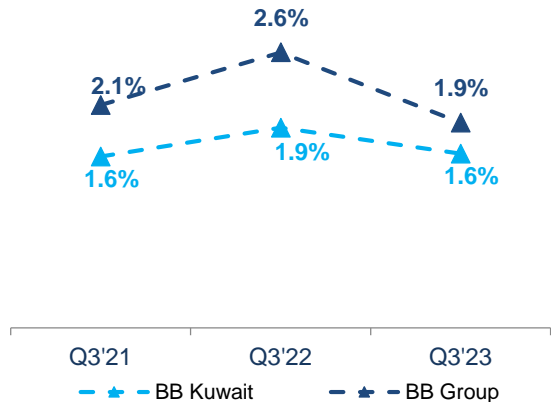
Operating Profit⁽⁴⁾ | KD mn



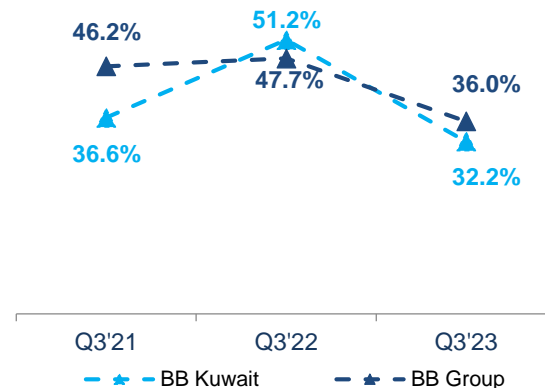
Net Income⁽¹⁾ | KD mn



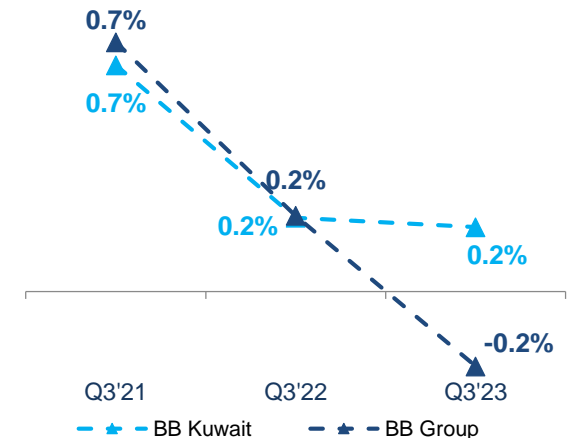
Net Interest Margins (NIMs)⁽²⁾ | %



Cost to Income Ratio (CIR) | %

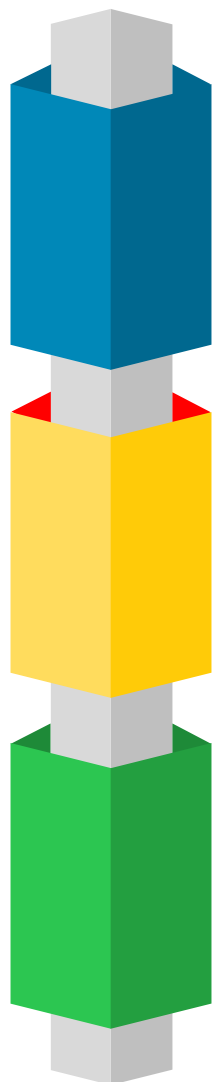


Cost of Credit (CoC)^{(2),(3),(4)} | %



Note: (1) Net Income attributed to equity holders of bank; (2) Annualized; (3) Cost of Credit based on Loan Loss Provisions over Gross Loans; (4) Q3'23 CoC Adjusted for provisions provided against one-off recovery; Q3'23 Revenue & Operating Profit include the said one-off recovery. Bank of Baghdad (BoB) was classified as Held for sale during Q3'21 & Q3'22 and it was sold in Feb'23.

Summary



Bank is focused on growing its franchise in Kuwait, as seen in the restored growth numbers over last 12 months

Underlying Net Income levels are healthy, pre-impact of IAS29

International Operations' performance continues to be stable with minimal surprises

Thank You

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INVESTOR RELATIONS

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