

BURGAN BANK GROUP

INVESTOR PRESENTATION

9 MONTH 2022 FINANCIAL RESULTS

25TH OCTOBER 2022



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At a Glance & Group Overview

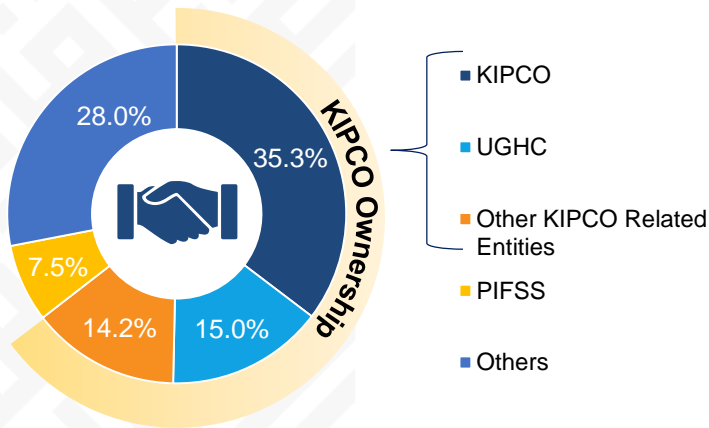


BURGAN AT A GLANCE

About Us

- Established in 1977 as Joint Stock Company by the Government of Kuwait and was privatized in 1995.
- Listed on Bursa Kuwait in 1984 and grew to become one of the largest conventional banks in Kuwait (in terms of total assets)⁽¹⁾, with a market capitalization of USD 2.3 billion (KD 730 million)⁽¹⁾.
- Has one of the largest regional networks of 127 branches and 283 ATMs ^{(1),(2)}

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



Note: (1) As at 30 September 2022; (2) Excluding Bank of Baghdad as it has been classified as held for sale; (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

Credit Ratings

FitchRatings

MOODY'S

S&P Global

Rating

A
(Outlook: Stable)






Baa1
(Outlook: Stable)

BBB+
(Outlook: Stable)

Our Presence



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	Top three conventional Banks ⁽²⁾	Corporate and Private Banking are key target segments; Retail Banking focused on providing liquidity	72%
Burgan Bank Turkey 	99.7%	Niche Player	Corporate and Commercial are key segments; One of the major digital players in the retail space in Turkey	13%
Gulf Bank Algeria 	86.0%	Growing Private sector Bank	Focused on Trade Finance & Corporate Banking segment; retail franchise growing	9%
Tunis International Bank 	86.7%	Offshore Bank	Focused on Trade Finance and Financial Institutions business	2%
Bank of Baghdad⁽⁴⁾ 	51.8%	One of the first licensed private sector banks	Focused on Cash Management Services, Trade Finance and FX Business	5%

Note: (1) As at 30 September 2022, effective interest; (2) Based on total assets of Burgan Bank Group; (3) Based on total assets excluding consolidation adjustments; (4) Bank of Baghdad has been classified as held for sale and is expected to be sold in Q4'22.

CLEAR & EFFECTIVE OPERATING STRATEGY



CEO's Update

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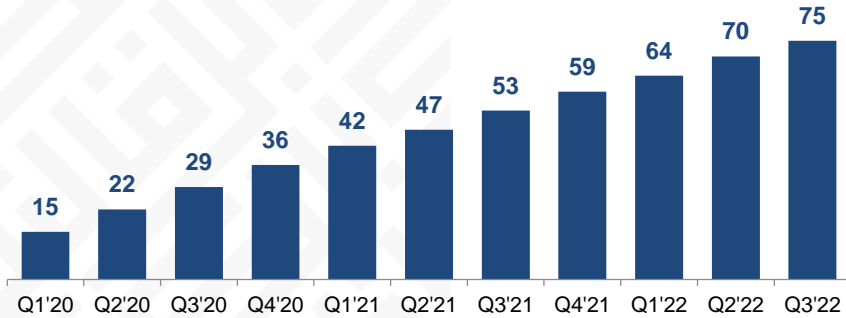
KEY BUSINESS UPDATES

Initiatives	Description	IMPACT
BOB Sale	<ul style="list-style-type: none"> ➤ Accepted Signed offer Letter ➤ Regulatory approvals from Kuwait & Jordan in place ➤ Expecting regulatory approval from Iraq shortly 	<p><u>CET 1 ratio:</u> +70bps</p> <p><u>NPL ratio protection:</u> by 60bps</p>
Progress in Kuwait Retail banking	<ul style="list-style-type: none"> ➤ Bank's focus on retail franchise growth paying off ➤ New product launches backed by smart marketing 	<p><u>YTD Loan Growth:</u> +20% y-o-y</p>
Improvements in Turkish franchise	<ul style="list-style-type: none"> ➤ Seeing consistent improvement in metrics ➤ BBG Oversight & control on risk & performance has started to yield results 	<p><u>Net Income (excl IAS29 impact):</u> KD 21.4mn⁽¹⁾ <i>vs (KD 3.8mn) in YTD 9M'21</i></p> <p><u>NPL Ratio:</u> 5.2% <i>Vs 10.4% in Sept'21</i></p>

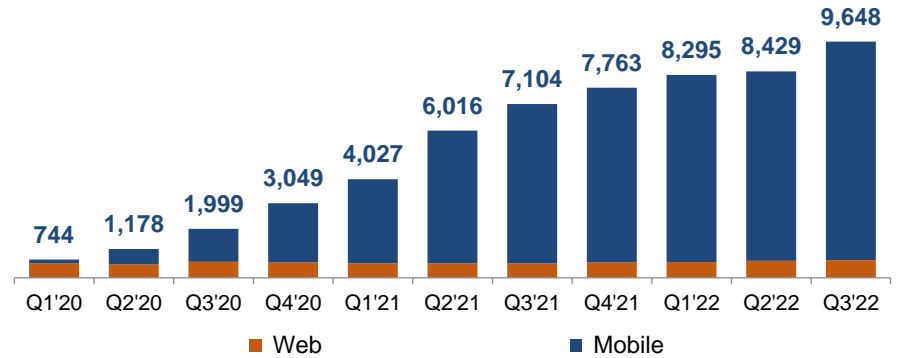
Note: (1) YTD IAS 29 impact has been KD 16.7mn; KD 21.4mn is an indicative number without any tax related adjustments

UPDATE ON DIGITAL PROGRESS

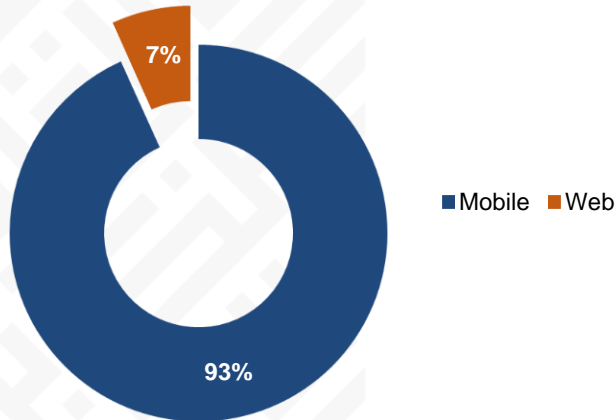
Number of Subscribed Customers | '000s



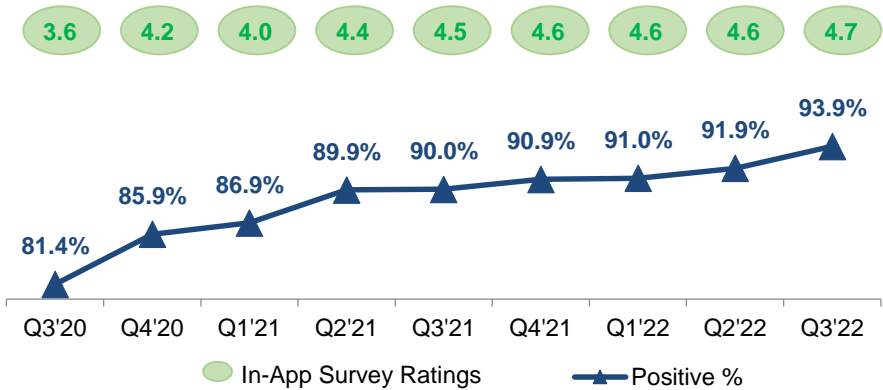
Number of Activities | '000s



Channel Usage Mix | %



In-App Feedback Ratings | %



Significant growth in user base & online activities supported by highly rated & popular interfaces (Burgan Mob App)

UPDATE ON DIGITAL PROGRESS

A Bank That's Available Everywhere Including your Pocket.

Accounts



Loans



Credit Cards



Start by selecting the

Apply Now

NEW

on Burgan Online, fill in the necessary details, done.

PERFORMANCE HIGHLIGHTS



Stable Revenue Levels

- YTD 9M'22: KD 166mn (*flat vs YTD 9M'21*)
- Q3'22: KD 56mn (*+2% vs Q3'21*)



Improved Margins⁽¹⁾

- YTD 9M'22: 2.3% (*+20bps vs YTD 9M'21*)
- Q3'22: 2.6% (*+50bps vs Q3'21*)



Reduced Credit Costs⁽²⁾

- YTD 9M'22: KD 13.3mn (*-72% vs YTD 9M'21*)
- Q3'22: KD 2.4mn (*-72% vs Q3'21*)



Healthy Bottomline⁽³⁾

- YTD 9M'22: KD 41mn (*+2% vs YTD 9M'21*)

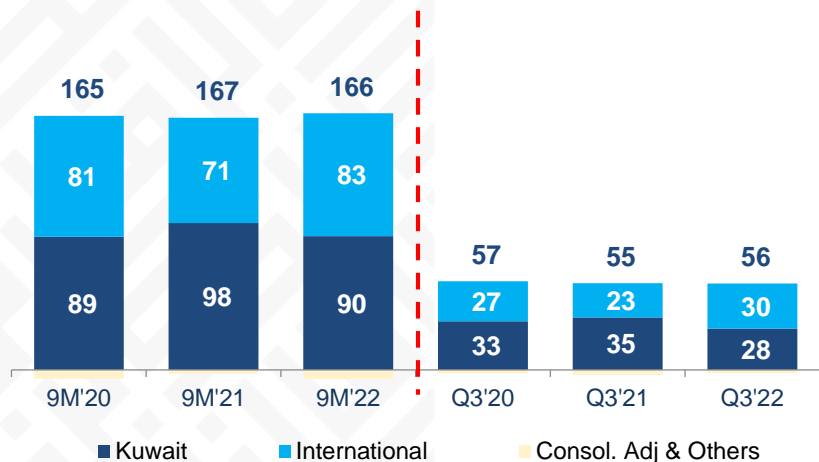
Note: (1) Refers to Net Interest Margins; annualized; (2) Refer to Loan Loss Provisions; (3) Refers to Net Income attributed to equity holders of bank before perpetual cost.

Financial Review

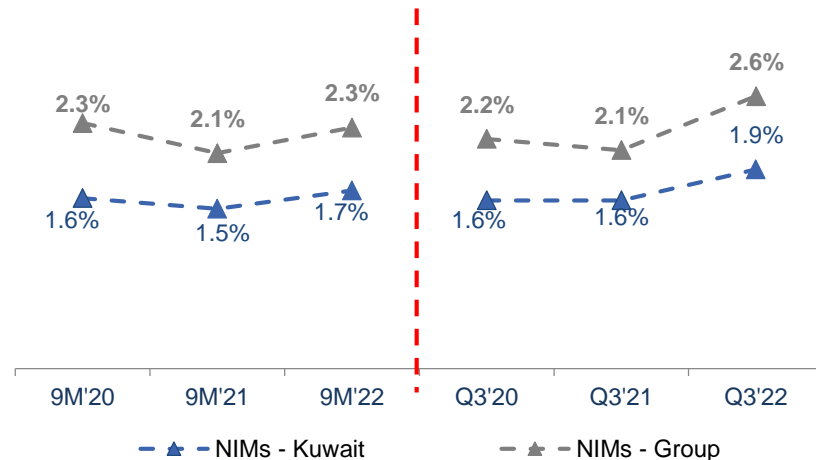


SOLID REVENUE LEVELS WITH STABLE MARGINS

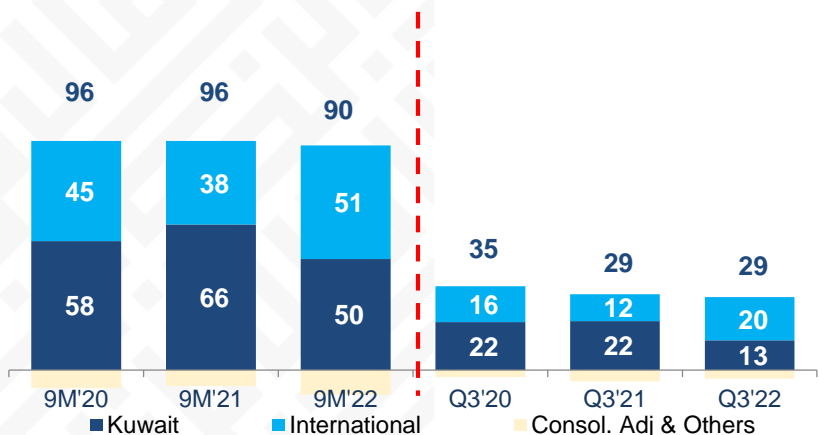
Revenue | KD mn



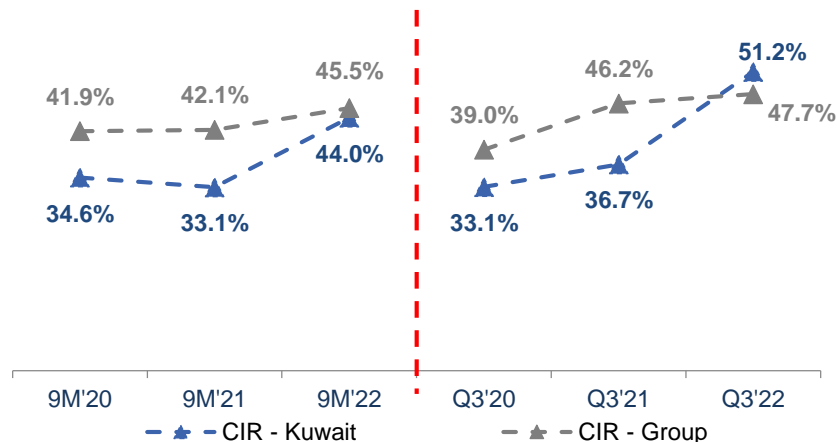
Net Interest Margins (NIMs)⁽¹⁾ | %



Operating Profit | KD mn



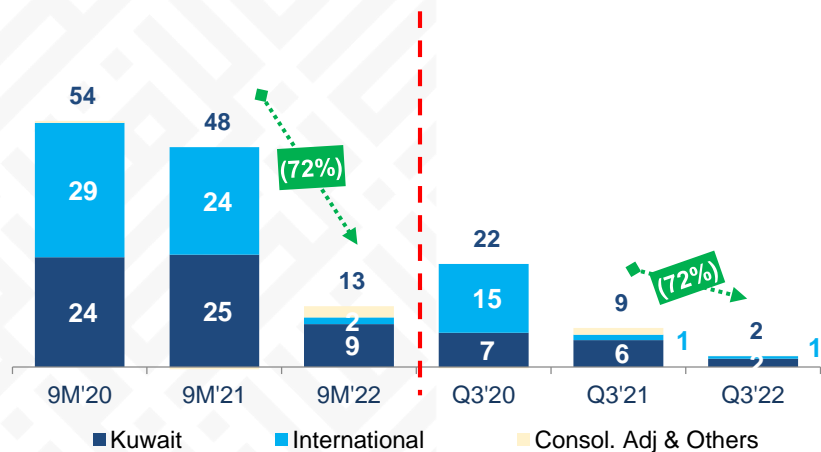
Cost to Income Ratio (CIR) | %



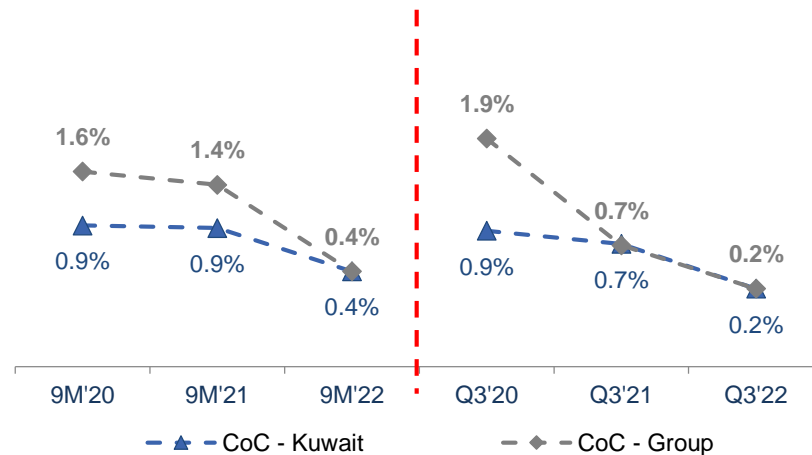
Note: (1) NIMs have been annualized

STRONG IMPROVEMENT IN CREDIT COSTS

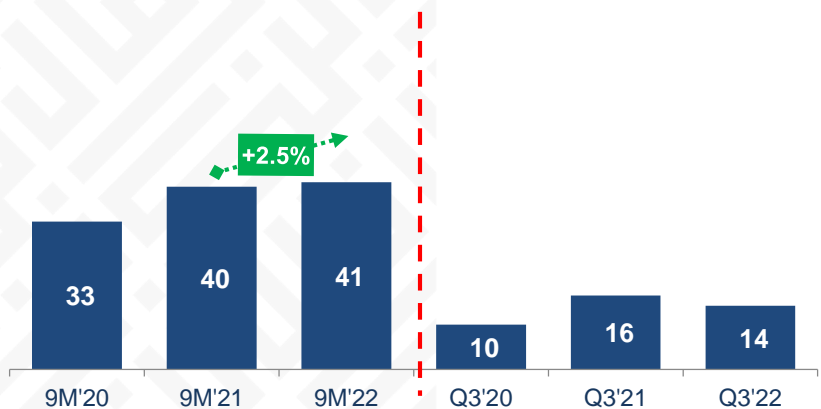
Provisions⁽¹⁾ | KD mn



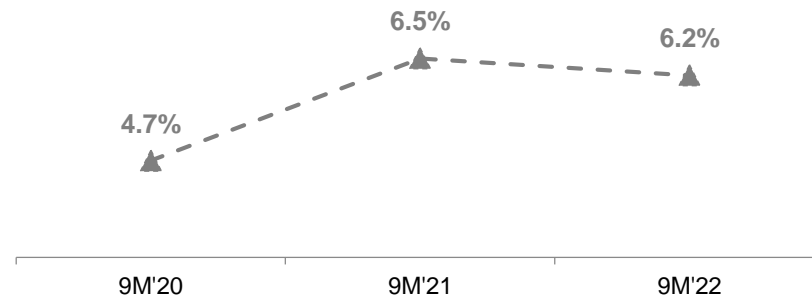
Cost of Credit (CoC) ⁽²⁾ | %



Net Income⁽³⁾ | KD mn



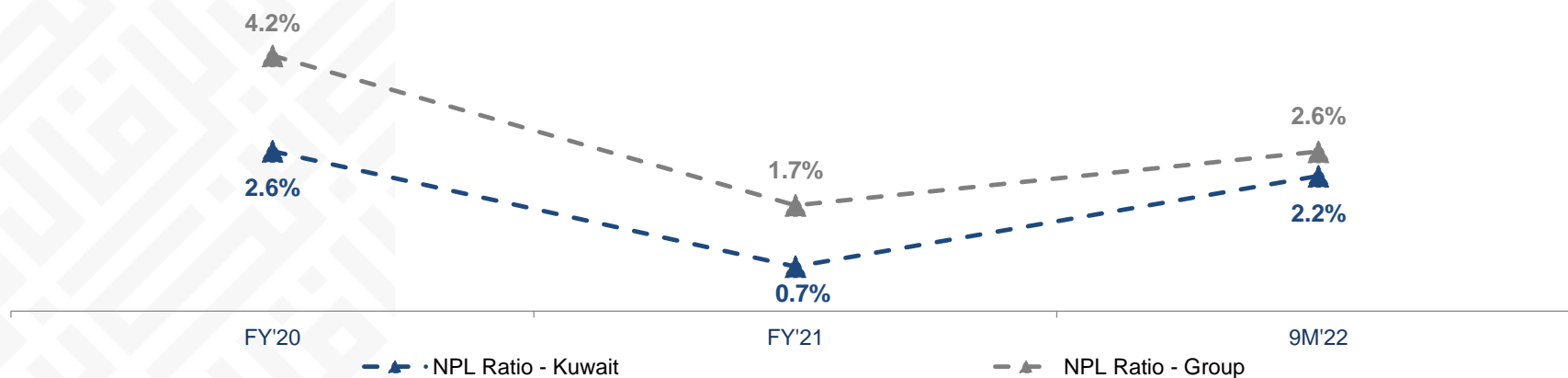
Return on Average Equity (ROAE)⁽⁴⁾ | %



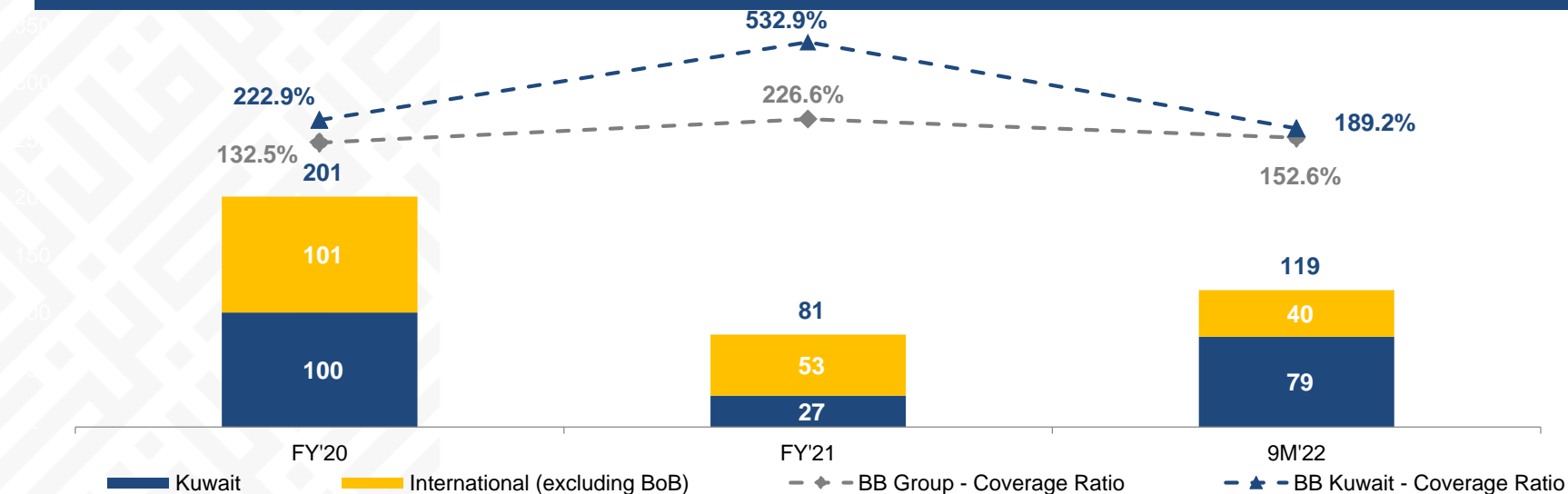
Note: (1) Loan loss provision only; (2) Cost of Credit based on Loan Loss Provisions over Gross Loans, Annualized; (3) Net Income attributed to equity holders of bank before perpetual cost; (4) ROAE post perpetual cost, Annualized

STABLE ASSET QUALITY

NPL Ratio⁽¹⁾ | %



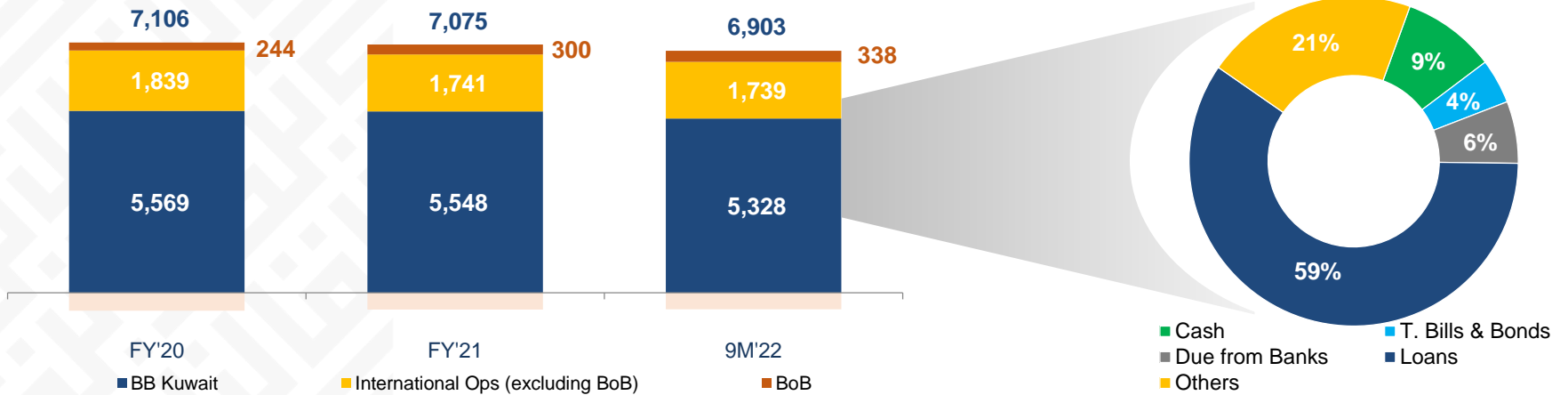
NPLs & Coverage Ratio^{(1),(2)} | KD mn, %



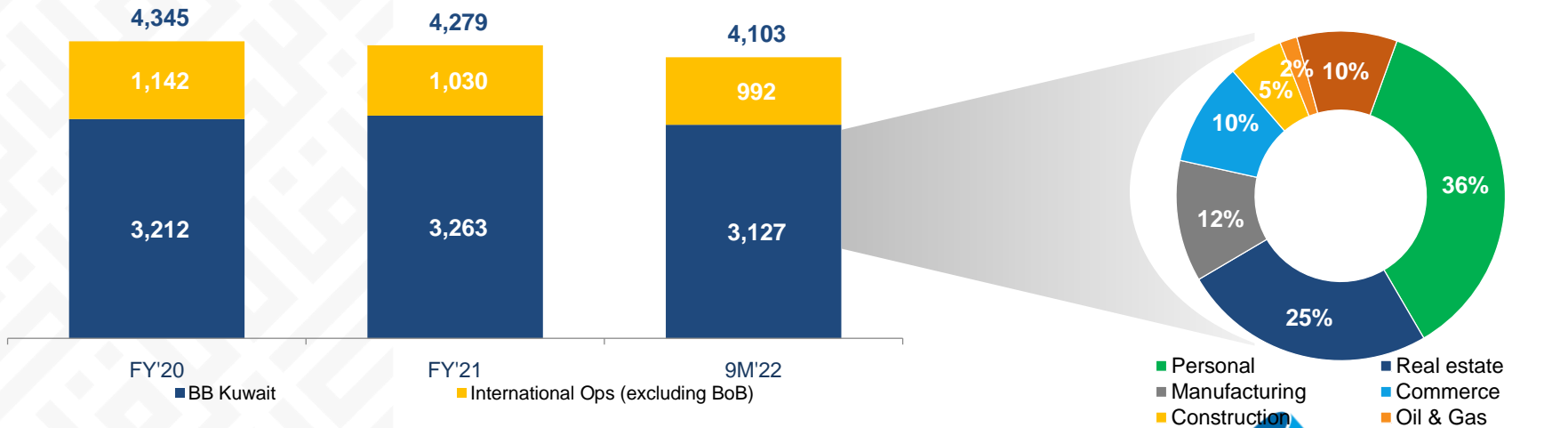
Note: (1) International doesn't include BoB as it has been classified as "Held for Sale"; (2) NPL coverage ratio calculated as cash provision/NPLs

ASSETS & LOANS

Total Assets & composition | KD mn

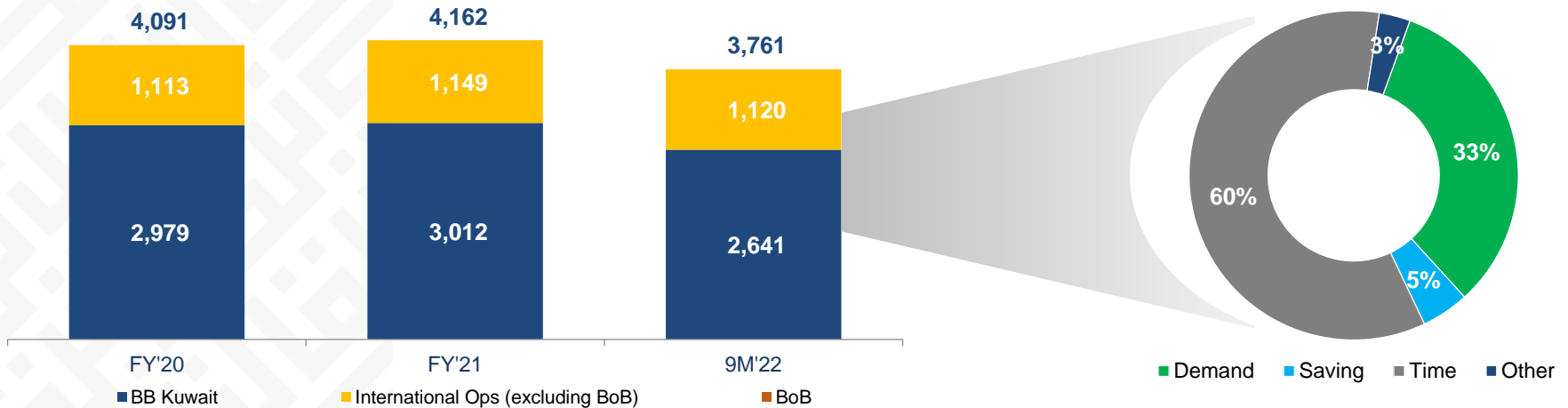


Customer Loans & Sector Concentration | KD mn , %

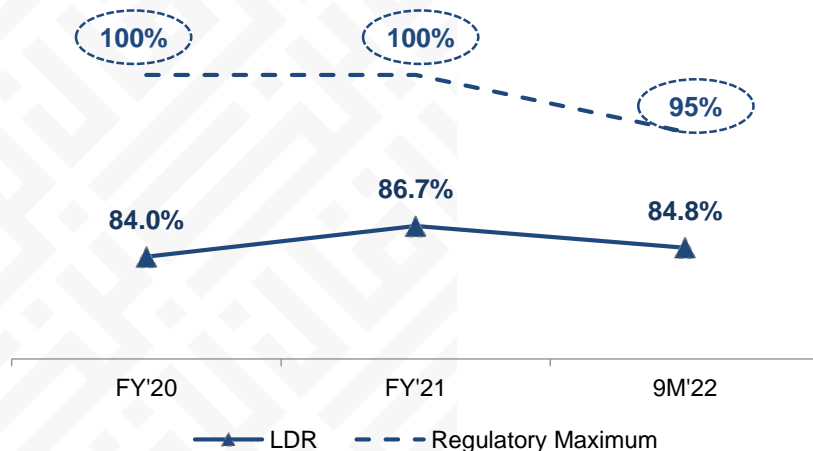


ACCESS TO LIQUIDITY REMAINS STRONG

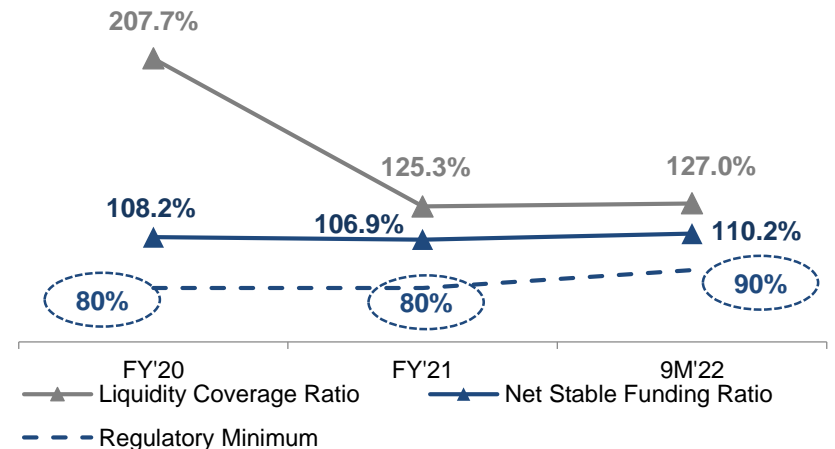
Customer Deposits & Deposits by Type | KD mn, %



Loan to Deposit Ratio (LDR) | %



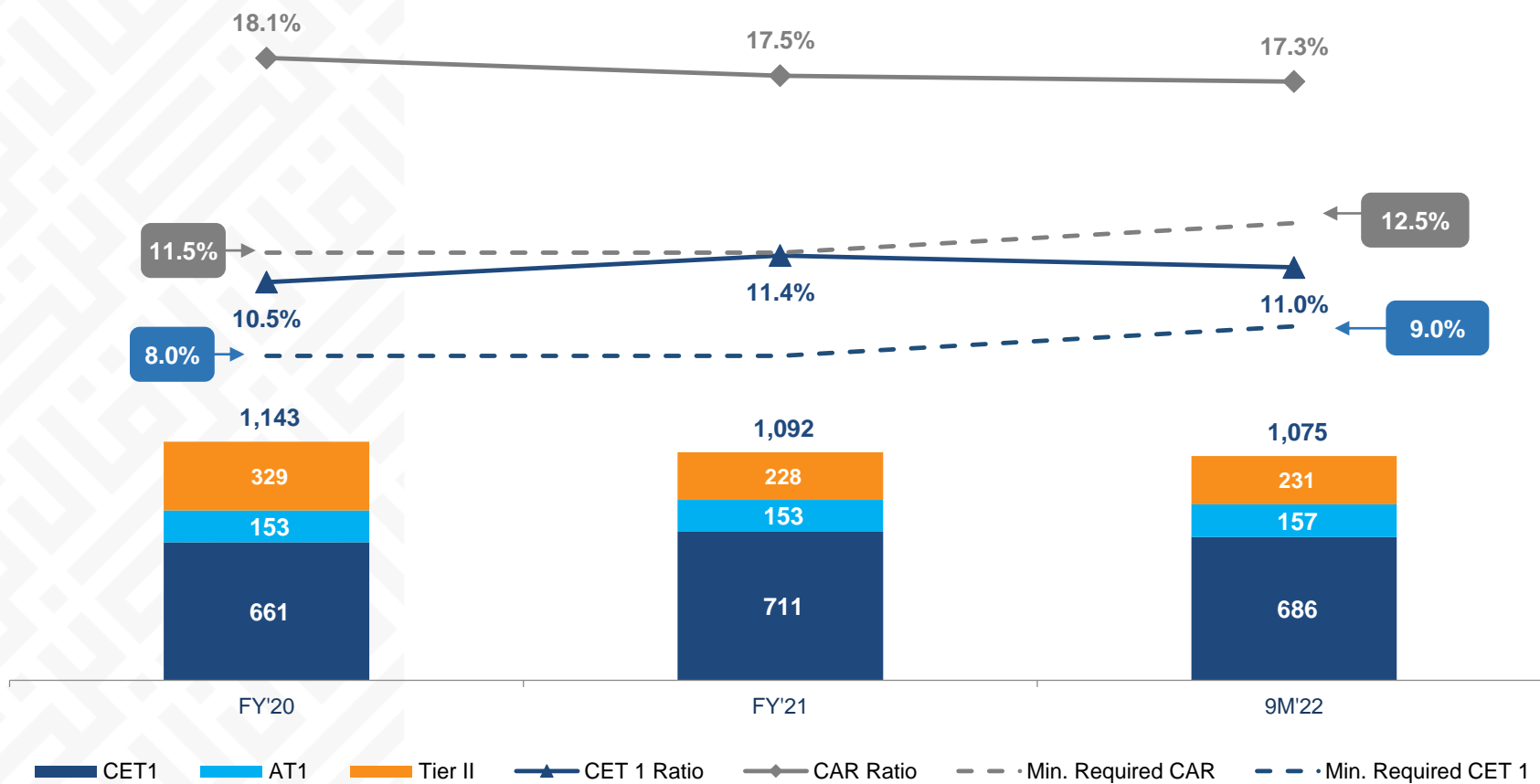
Regulatory Liquidity Metrics⁽¹⁾ | %



Note: (1) Represents Daily average ratios for the quarters

OPTIMAL CAPITAL LEVELS

Regulatory Capital | KD mn, %



KPIs ACROSS INTERNATIONAL OPERATIONS – 9M'22



(1) Excludes Contribution from BoB; Contributions in KD; (2) Growth vs 9M'21 figures in KD terms; (3) Deltas are for 9M'22 over 9M'21; (4) NIM's and COC annualized; (5) COC computed as loan loss provisions on Gross loans + Dues from banks and OFI's, Annualized

* Contribution percentages are rounded figures and are before consolidation adjustments; * bps: Basis point; pps: Percentage Point

Summary

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SUMMARY

☞ **The core metrics of the business are trending in the right direction:**

❖ **Improving margins**

❖ **Reducing credit costs**

☞ **We are focused on restoring growth entering into the next financial growth**

☞ **We shall further drive the pace of digital progress to deliver customer value and organizational efficiencies**

Thank You

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INVESTOR RELATIONS

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