

BURGAN BANK GROUP

INVESTOR PRESENTATION

FY'23 FINANCIAL RESULTS

20TH FEBRUARY 2024

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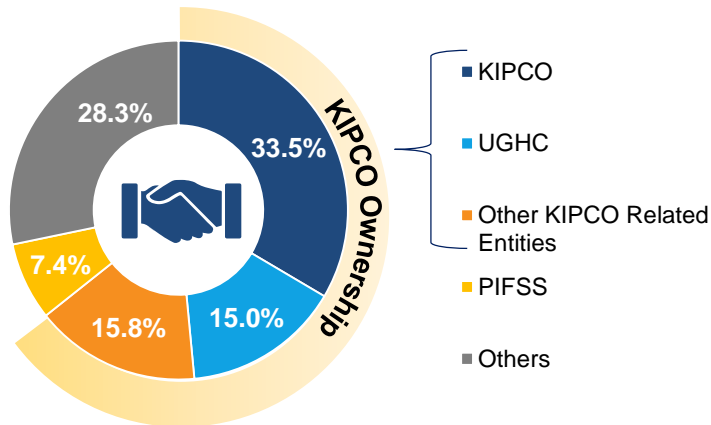
Overview & Operating Strategy

BURGAN AT A GLANCE

About Us

- Established in 1977 as Joint Stock Company by the Government of Kuwait and privatized in 1997.
- Listed on Boursa 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 593 million⁽²⁾.
- Has one of the largest regional networks of 126 branches and 297 ATMs ⁽¹⁾.

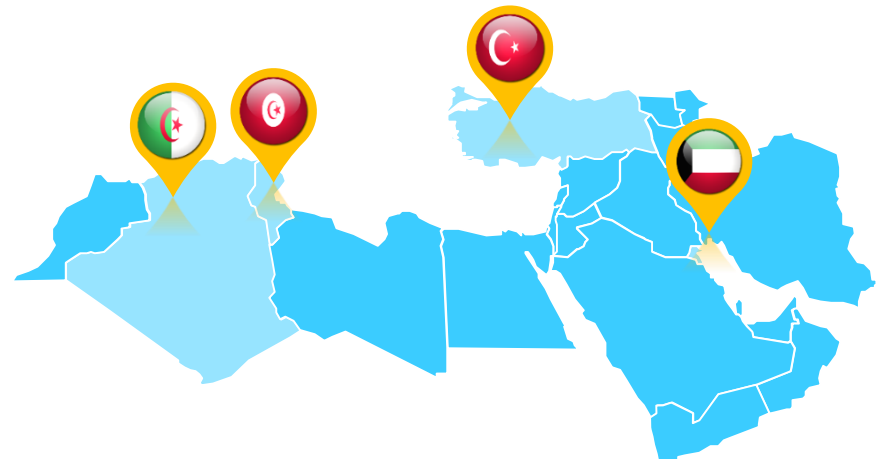
Ownership Structure^{(1),(3)}



Credit Ratings





	Rating ⁽¹⁾
FitchRatings	A (Outlook: Stable)
MOODY'S	Baa1 (Outlook: Stable)
S&P Global	BBB+ (Outlook: Stable)
CI CAPITAL intelligence	A+ (Outlook: Stable)

Our Presence



Notes: (1) As of 31st December 2023; (2) Based on share price as at 28th December 2023 (Source: Kuwait Boursa); (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 	47.6%	Niche Player	Corporate and Commercial clients are key segments; One of the best digital banking platform; individual clients focus increased	12%
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 31st December 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



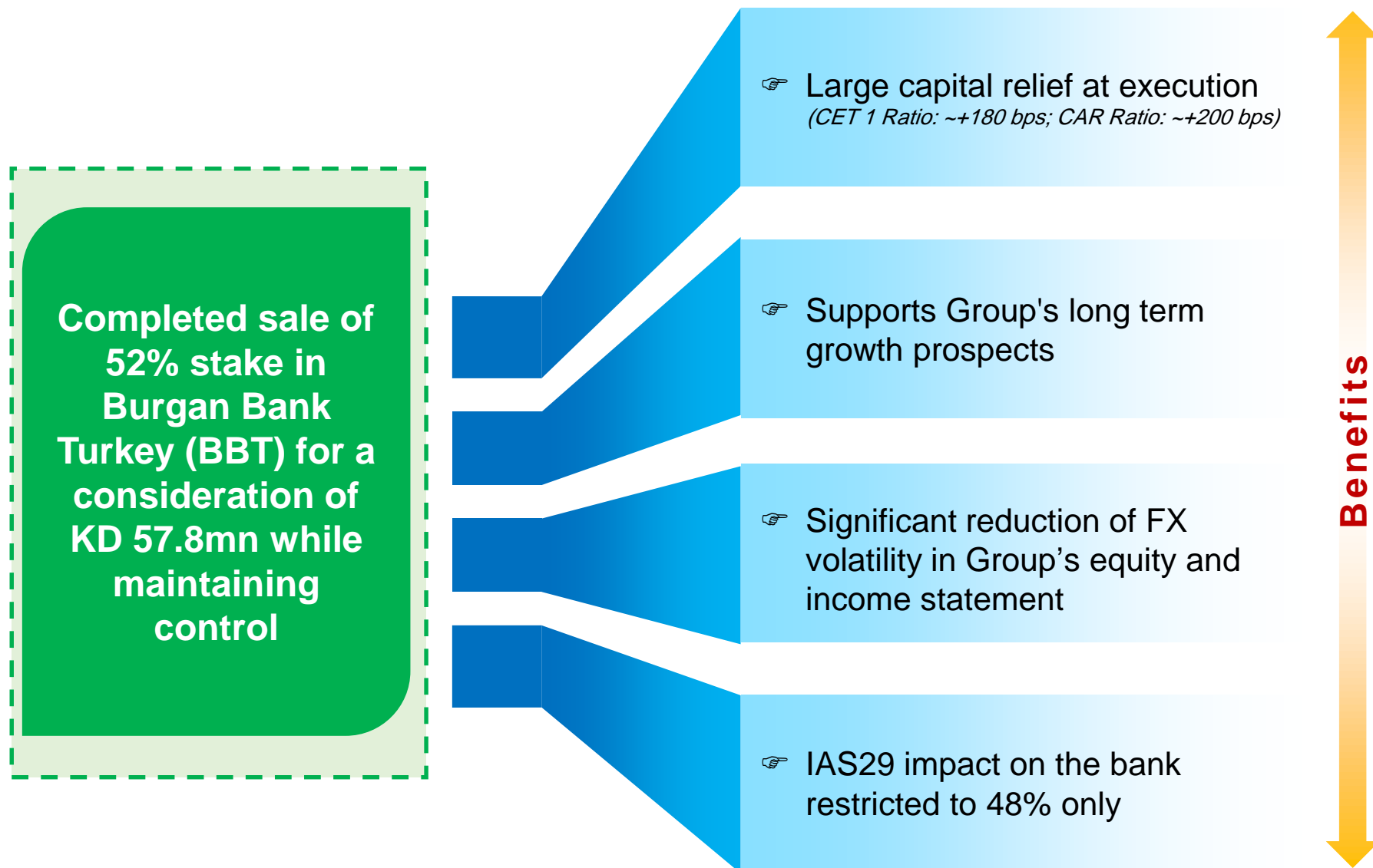
Enhancing Systems' Capabilities



Strengthening Risks and Controls

Key Updates & Performance Highlights

SIGNIFICANT EVENT: SALE OF 52% STAKE IN BBT



OTHER KEY UPDATES



Retail Business in Kuwait Continues its Momentum

- ❖ New segment introduced, “Elite Banking”, offering customers a slew of benefits
- ❖ Revamp of flagship CASA products with enhanced features, while launching the highest cashback credit cards in Kuwait
- ❖ Successes in 2023: *Retail loan Growth: 12% y-o-y; Retail Deposit Growth: 26% y-o-y; New customers acquired ~15K*

Digitalization efforts ramping up across the Group

- ❖ Turkey:
 - ✓ Digital platform “ON”, continues to outperform with more than 639K customers (up 83% y-o-y), TRY 9.1bn deposits (up 87% y-o-y), TRY 4bn loans (up 131% y-o-y)
 - ✓ “ON” awarded “Best Integrated Consumer Banking Site in Europe and Turkey” by Global Finance
- ❖ Kuwait:
 - ✓ Active digital users reached ~70K at the end of 2023; increasing by 15% y-o-y

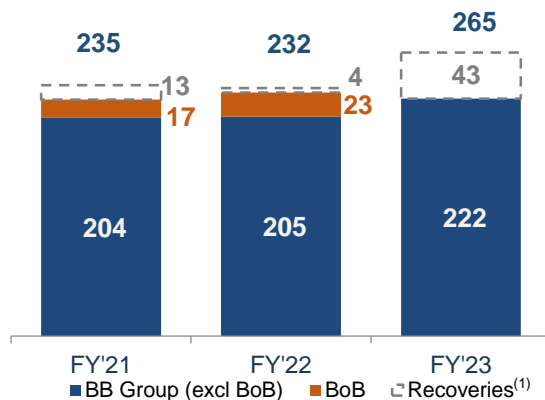
Bank’s ESG Progress

- ❖ MSCI ESG rating for the bank has now improved to “BB” in 2023;
- ❖ Climate Risk Integration project in progress; incorporation of climate risk as part of risk framework expected over next 12 to 18 months
- ❖ Completed “Carbon footprint mapping” project; Bank shall commence disclosure of Scope 1,2 and 3 emissions as part of its Sustainability report

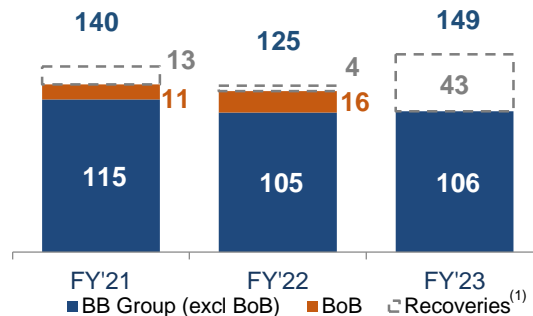
Financial Review – FY'23

P&L METRICS

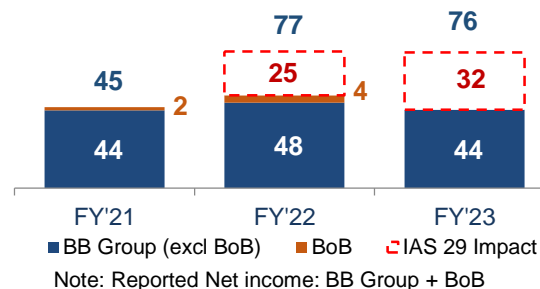
Revenue | KD mn



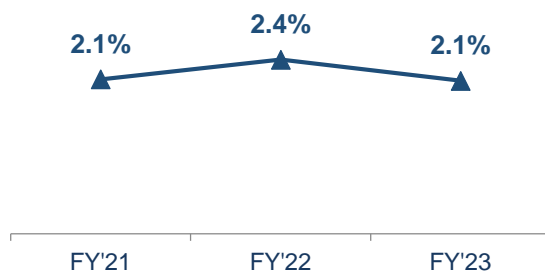
Operating Profit | KD mn



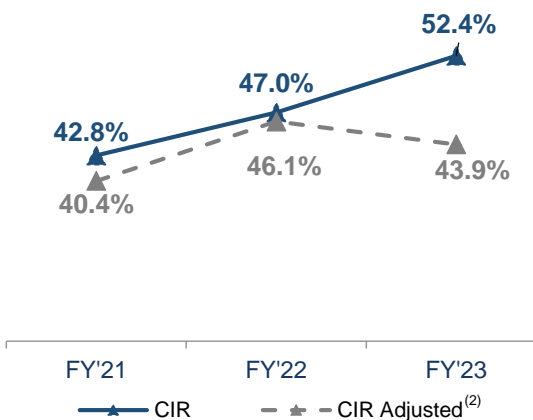
Normalized Net Income | KD mn



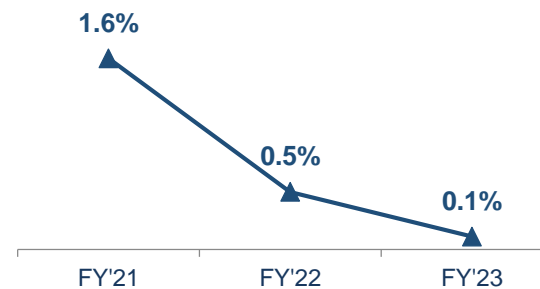
Net Interest Margin (NIM) | %



Cost to Income Ratio (CIR) | %



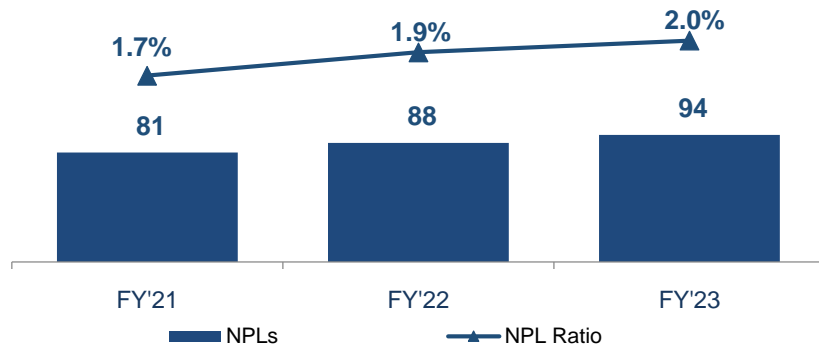
Cost of Credit (CoC)⁽³⁾ | %



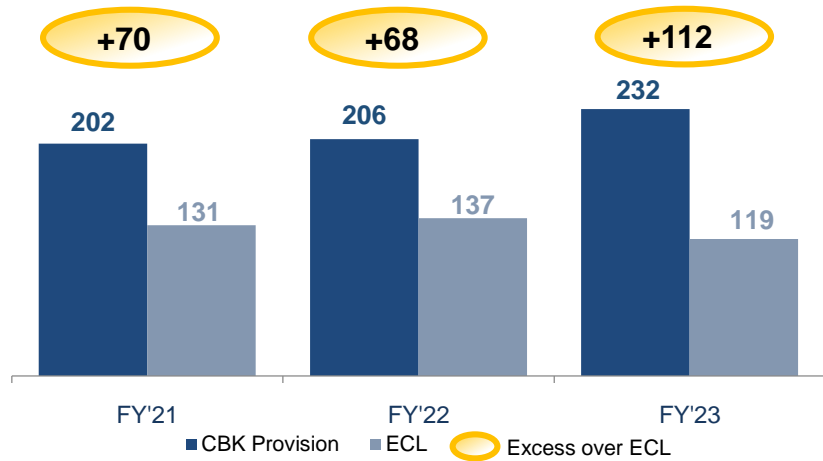
Notes: (1) Recoveries from written off debts, earlier part of other income, now shown separately below provisions; No impact on bottom-line; (2) Revenue adjusted by add back of recoveries & CIR calculated on this adjusted revenue; (3) CoC computed as loan loss provisions adjusted for recovered written off debts, on Gross loans.

ASSET QUALITY METRICS

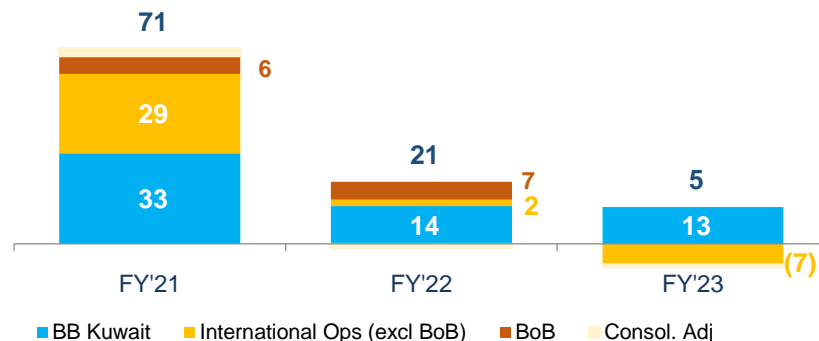
Non-Performing Loans (NPLs) & NPL Ratio | KD mn,%



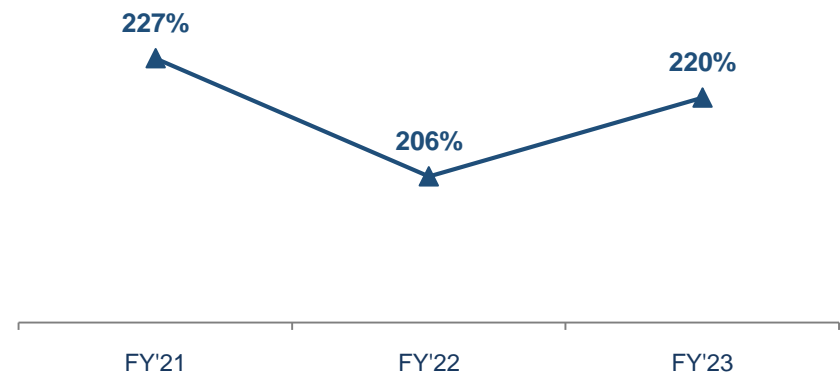
Total Provisions & IFRS 9 ECL Requirements | KD mn



Annual Provision Charge⁽¹⁾ | KD mn



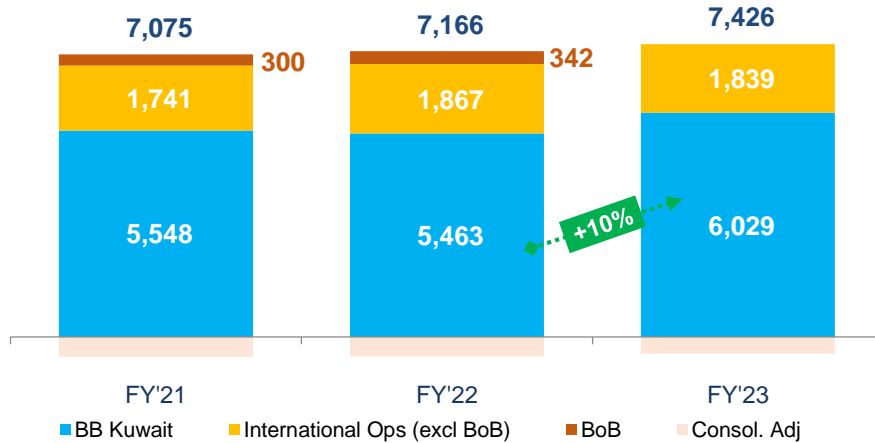
Provisions Coverage Ratio⁽²⁾ | %



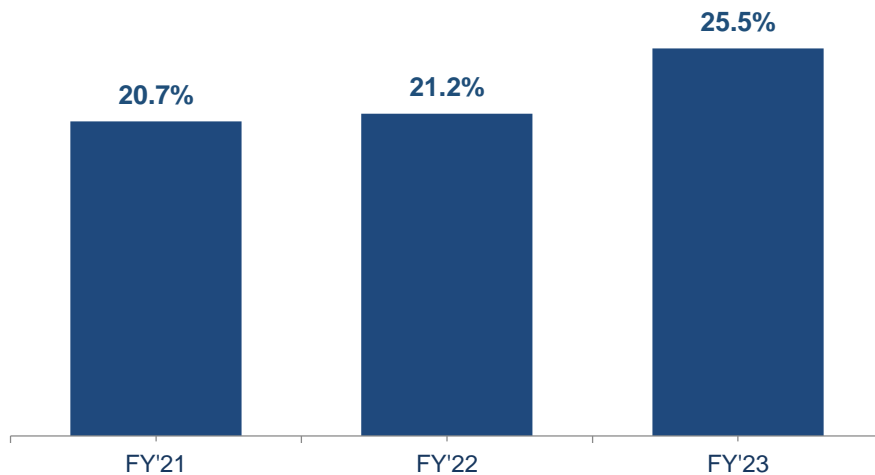
Notes: (1) Loan loss provisions Adjusted for recovered written off debts; (2) Provisions coverage ratio calculated as cash provision / NPLs.
 NPL, NPL ratio & Provision coverage Ratio excludes BoB as it was classified as Held for sale during FY'21 & FY'22 and it was sold in Feb'23.

ASSETS & LOANS

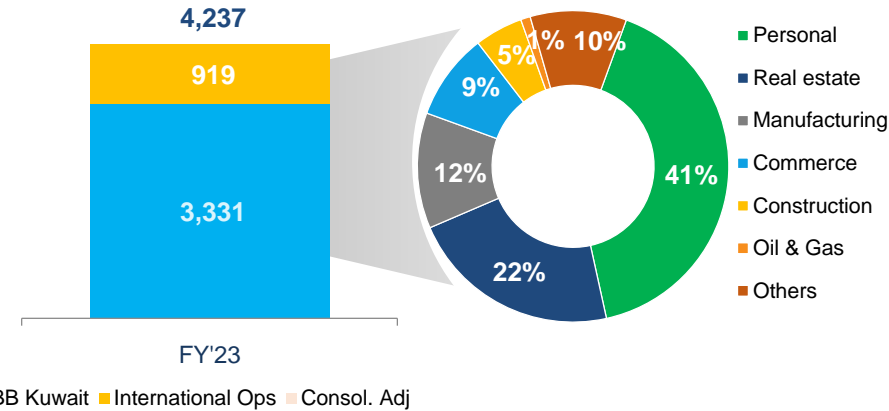
Total Assets | KD mn



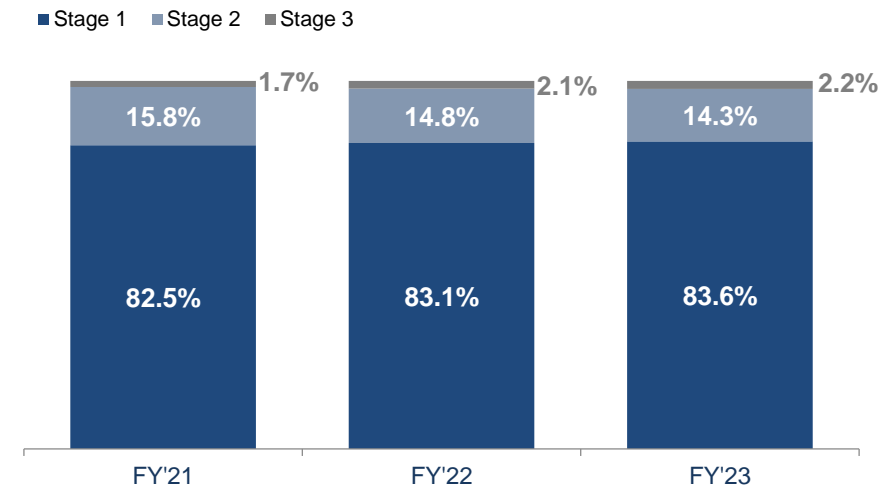
Liquid Assets Ratio⁽¹⁾ | %



Customer Loans & Sector Concentration | KD mn, %



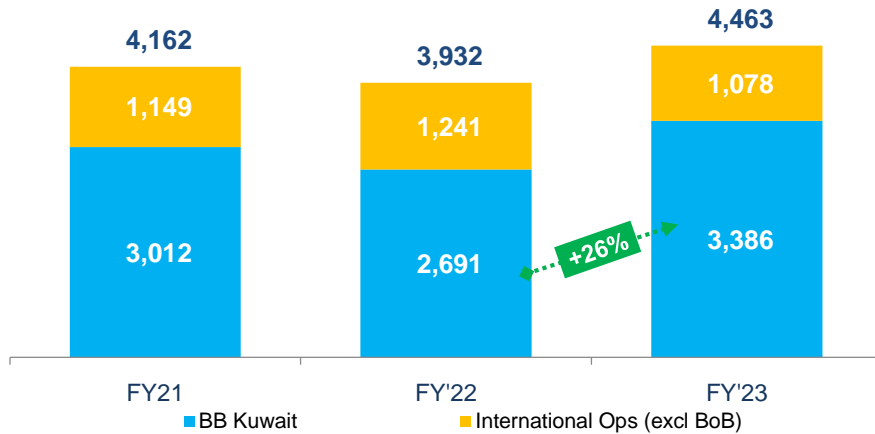
Loans by Stages⁽²⁾ | %



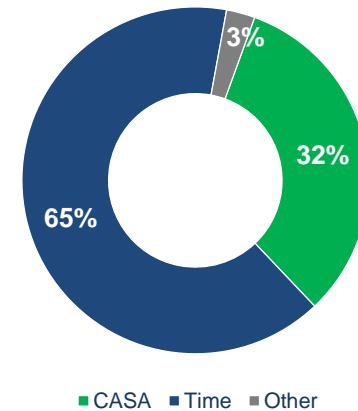
Notes: (1) Computed as Liquid Assets (Cash & cash Equ.+ T-bills / bonds+ Dues from Banks & OFIs) / Total Assets excl BoB; (2) Represents IFRS 9 classification.
BoB was classified as Held for sale during FY'21 & FY'22 and it was sold in Feb'23.

LIQUIDITY PROFILE

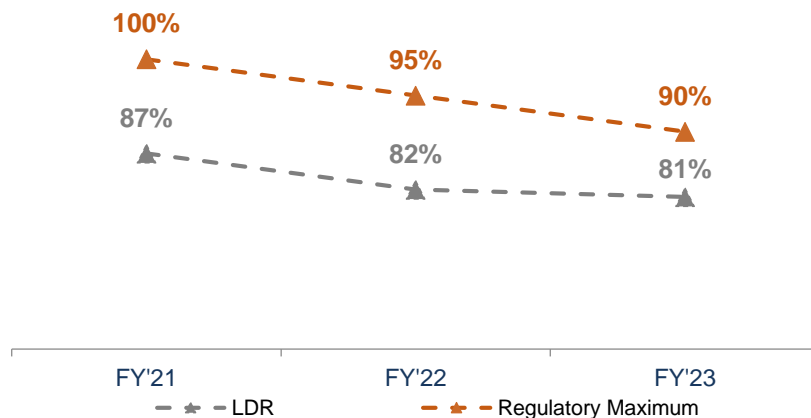
Customer Deposits | KD mn



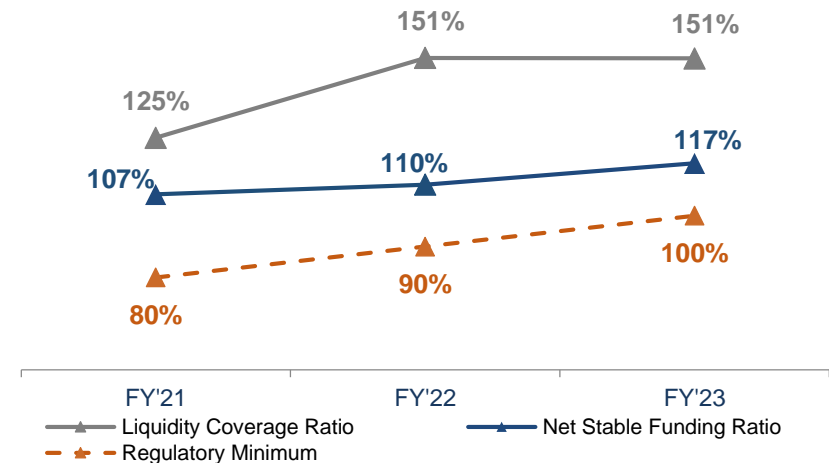
Deposits by Type – FY'23 | %



Loan to Deposit Ratio (LDR) | %



Regulatory Liquidity Metrics^ | %

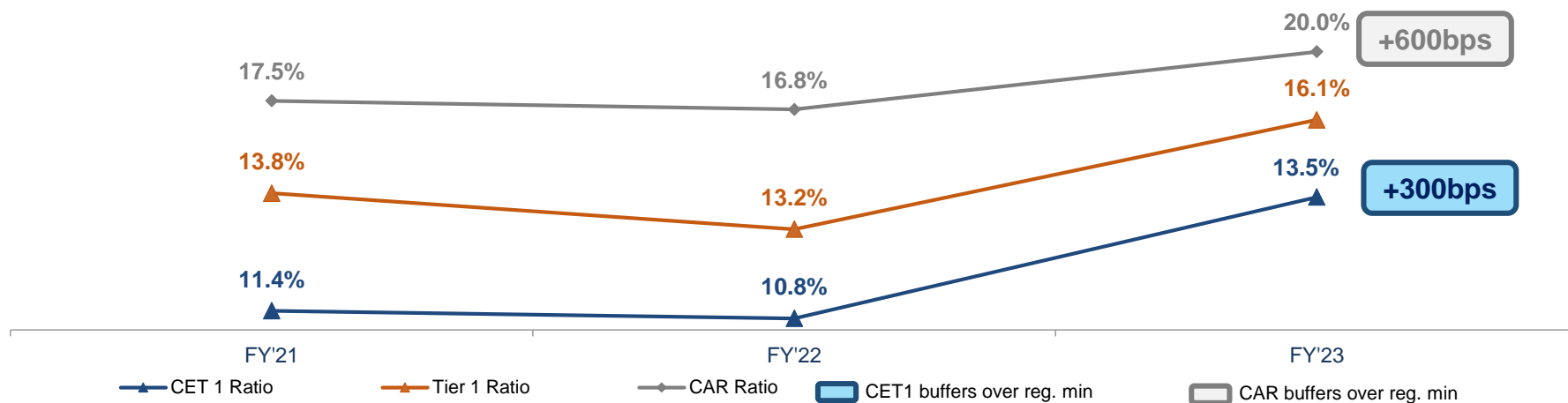


^ Represents daily average ratios for the quarters.

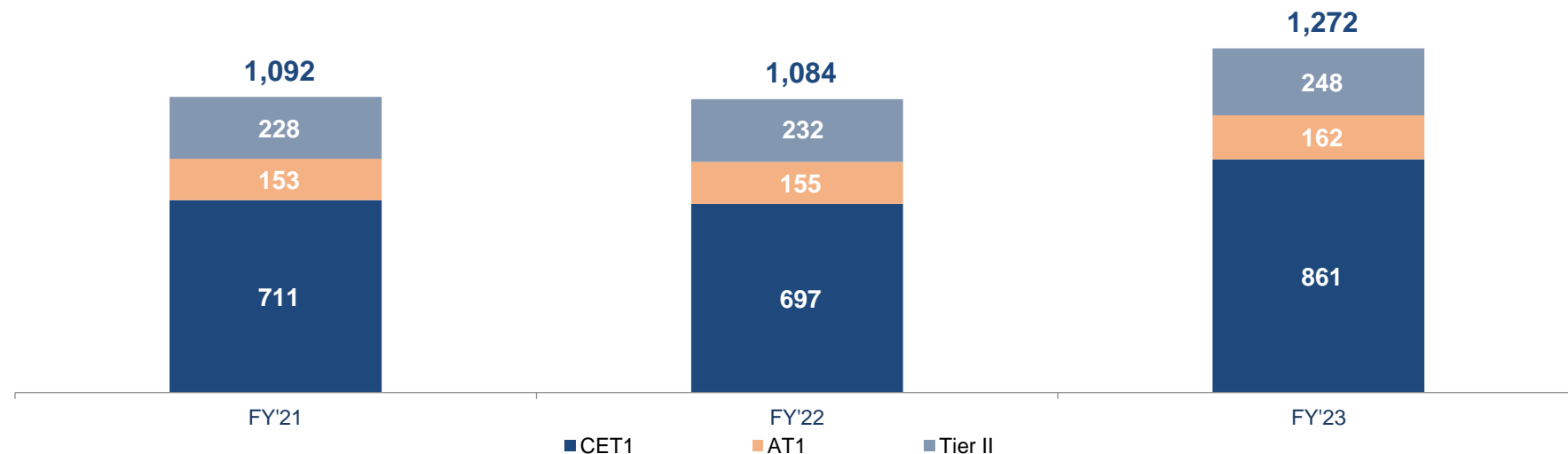
Customer Deposits excludes BoB as it was classified as Held for sale during FY'21 & FY'22 and it was sold in Feb'23.

CAPITAL POSITION

Regulatory Capital Ratios | %



Regulatory Capital | KD mn



KPIs ACROSS FRANCHISES

CONTRIBUTION ⁽¹⁾		KPIs													
	Kuwait ⁽⁴⁾	ASSETS		NIM		Δ%	CI RATIO ⁽⁵⁾		Δ%	CoC ⁽²⁾		Δ%	NPL RATIO		Δ%
				1.7%		↔	41.3%		↓ (330 bps)	0.4%		↔	1.8%		↑ +40 bps
	Turkey	ASSETS		NIM		Δ%	CI RATIO ⁽⁵⁾		Δ%	CoC ⁽²⁾		Δ%	NPL RATIO		Δ%
				3.7%		↓ (60 bps)	34.2%		↓ (80 bps)	(2.4)%		↓ (220 bps)	0.9%		↓ (320 bps)
	Algeria	ASSETS		NIM		Δ%	CI RATIO ⁽⁵⁾		Δ%	CoC ⁽²⁾		Δ%	NPL RATIO		Δ%
				5.1%		↓ (90 bps)	50.5%		↓ (60 bps)	0.9%		↔	4.0%		↑ +160 bps
	Tunisia	ASSETS		NIM		Δ%	CI RATIO ⁽⁵⁾		Δ%	CoC ^{(2),(3)}		Δ%	NPL RATIO		Δ%
				4.4%		↑ +190 bps	25.3%		↓ (7.2 pps)	1.1%		↑ +80 bps	0.7%		↑ +40 bps

Notes : (1) Contribution percentages haven been rounded-off & are before consol. adj; Contributions in KDs; (2) CoC computed as loan loss provisions adjusted for recovered written off debts, on Gross loans; (3) TIB's CoC computed as loan loss provisions adjusted for recovered written off debts, on Gross loans + Dues from banks & OFI's ; (4) BB Kuwait numbers are as per MIS view; (5) Revenue adjusted by add back of recoveries & CIR calculated on this adjusted revenue; * bps: Basis point; pps: Percentage Point; Deltas are for FY'23 over FY'22.

Summary

1

In 2023, Burgan successful executed two critical strategic transactions:

- ❖ sale of Bank of Baghdad
- ❖ partial stake sale of Burgan Bank Turkey

2

Looking ahead, Burgan Group expects to grow at a consistent healthy pace, given its sizeable capital buffers

3

Bank's outlook for 2024 for some of the key parameters are as follows:

- ❖ Asset Growth: 5% to 6%
- ❖ Margins: + 5 bps to 10bps

Thank You

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