

BURGAN BANK GROUP

INVESTORS PRESENTATION

H1'23 FINANCIAL RESULTS

2ND AUGUST 2023

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Overview & Operating Strategy

BURGAN AT A GLANCE

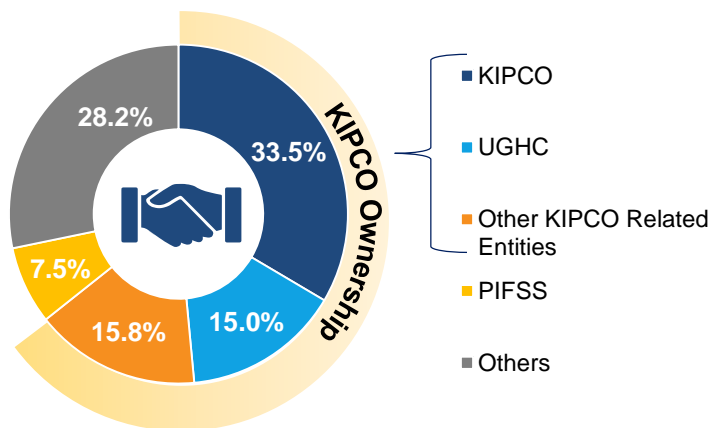
About Us

- 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 725 million⁽²⁾.
- Has one of the largest regional networks of 128 branches and 292 ATMs ⁽¹⁾.

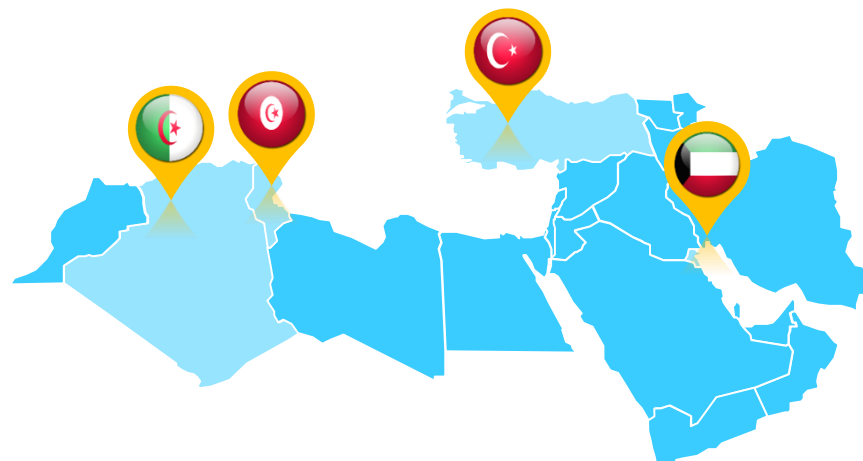
Credit Ratings

	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 June 2023; (2) Based on share price as at 26th June 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	79%
 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	9%
 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 June 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

Digital Progress Updates

Burgan Bank Kuwait

- ☞ Total **Customers onboarded digitally ~90K**; with Digital Active Users increasing to **65K in H1'23 from 60K** as of H2'22
- ☞ **Digital Activities** increased **~50%** in H1'23 vs H1'22; **~94%** of transaction being executed via **mobile app**
- ☞ Enabling **higher CASA volumes**; >1.1K accounts opened via Digital Channels during H1'23
- ☞ **Burgan's app** on IOS an Android platform **rated highly at 4.6^**

Burgan Bank Turkey

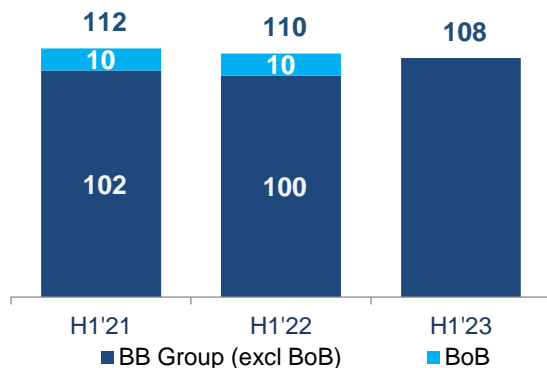
- ☞ BBT's award winning digital platform "**ON**" continued to gain traction with onboarding of **~157K clients** during H1'23
- ☞ **Deposits Volumes**: Q2'23: TRY 6.3bn **(+4% Q-o-Q)**
- ☞ **Loans Volumes**: Q2'23: TRY 3.3bn **(+30% Q-o-Q)**
- ☞ **New features added** to the digital platform : **FX & overdraft**

^ As at 30th June 2023

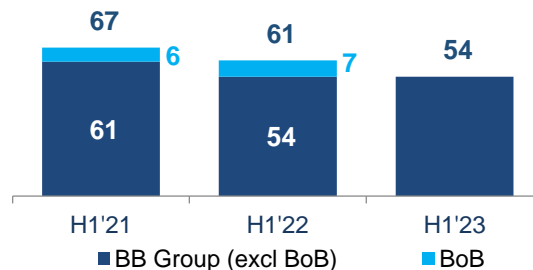
Financial Review

P&L METRICS

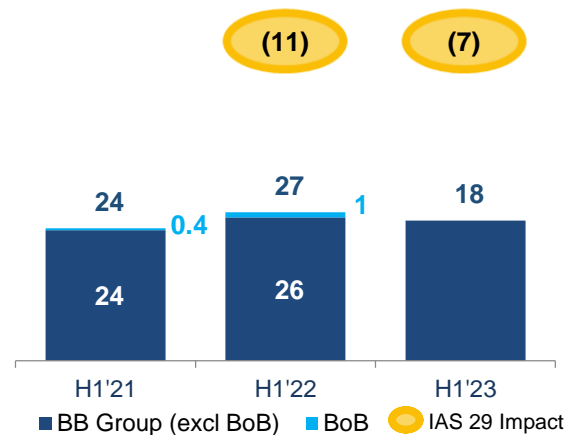
Revenue | KD mn



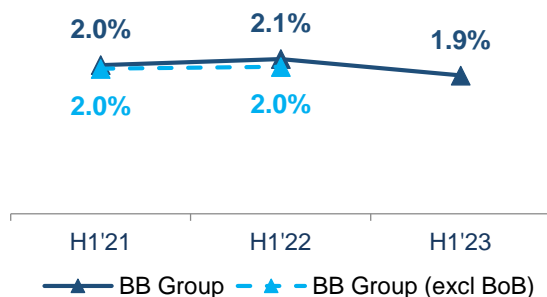
Operating Profit | KD mn



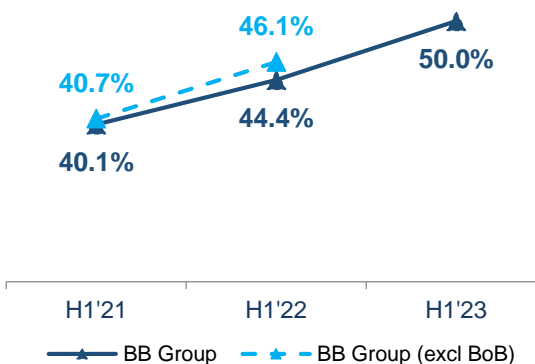
Net Income⁽¹⁾ | KD mn



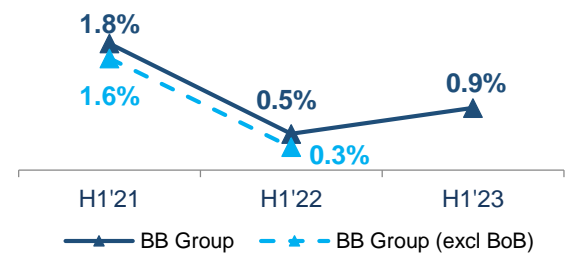
Net Interest Margin (NIM)⁽³⁾ | %



Cost to Income Ratio (CIR) | %



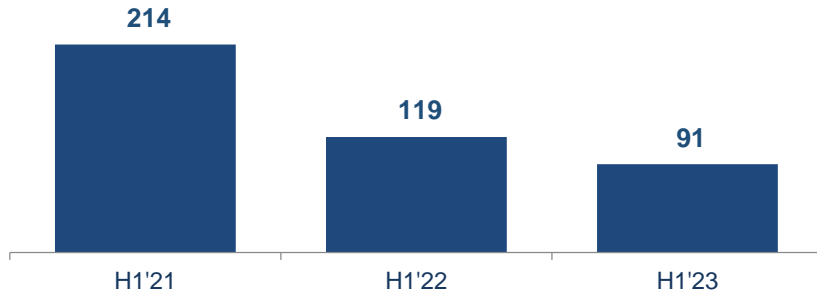
Cost of Credit (CoC)^{(2),(3)} | %



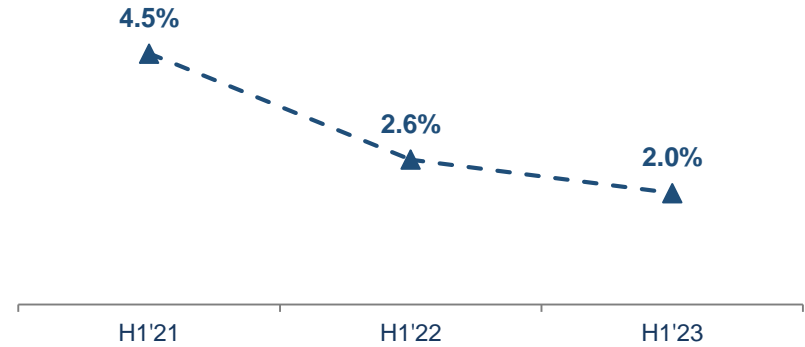
Notes: (1) Net Income attributed to equity holders of bank (2) Cost of Credit based on Loan Loss Provisions over Gross Loans; (3) NIM & CoC have been annualized.
Bank of Baghdad (BoB) was classified as Held for sale during H1'21 & H1'22 and it was sold in Feb'23.

ASSET QUALITY METRICS

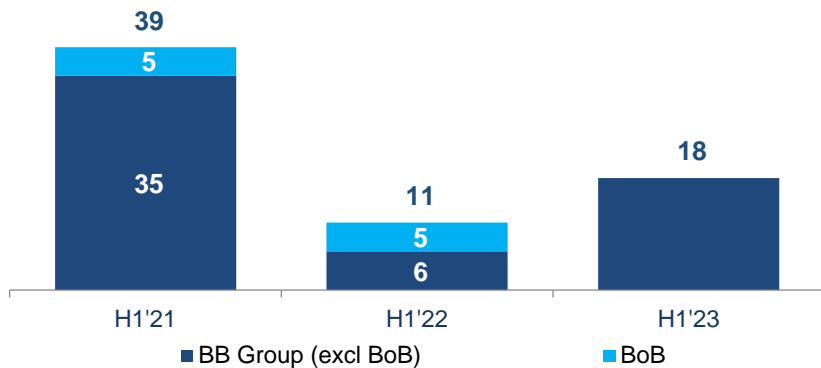
Non-Performing Loans (NPLs) | KD mn



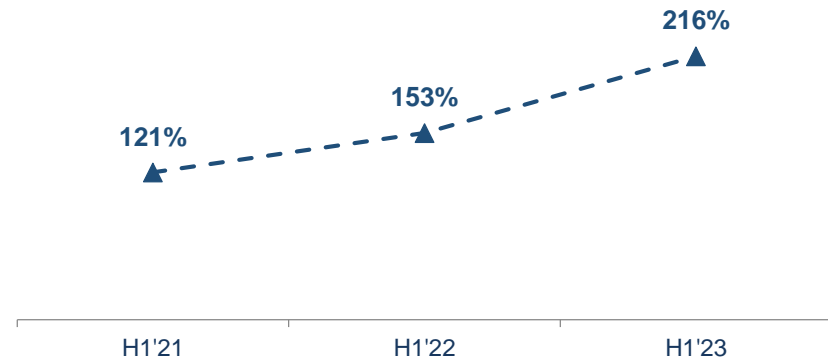
NPL Ratio | %



Provision Charge⁽¹⁾ | KD mn



Provisions Coverage Ratio⁽²⁾ | %

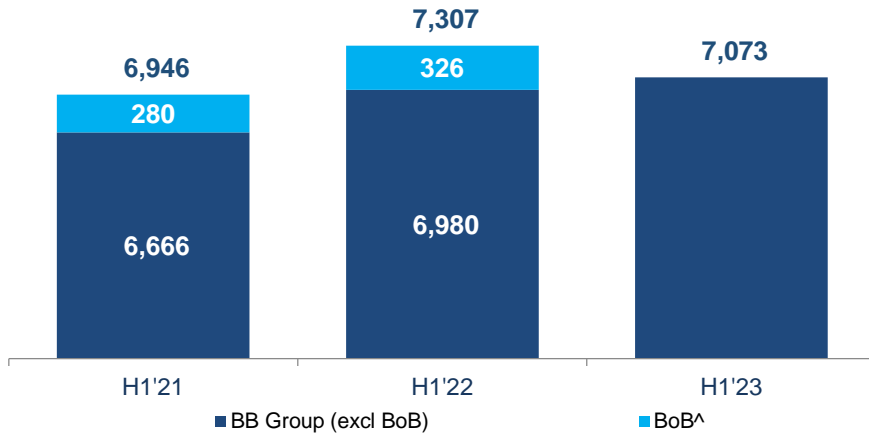


Notes: (1) Loan loss provision only; (2) Provisions coverage ratio calculated as cash provision / NPLs.

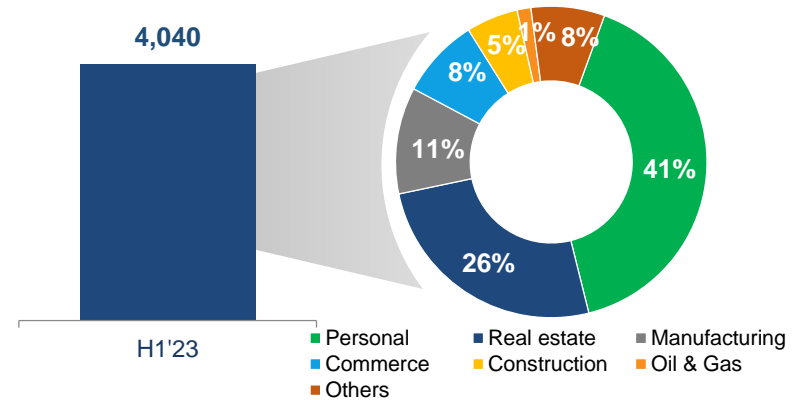
NPL, NPL ratio & Provision coverage Ratio excludes BoB as it was classified as Held for sale during H1'21 & H1'22 and it was sold in Feb'23.

ASSETS & LOANS

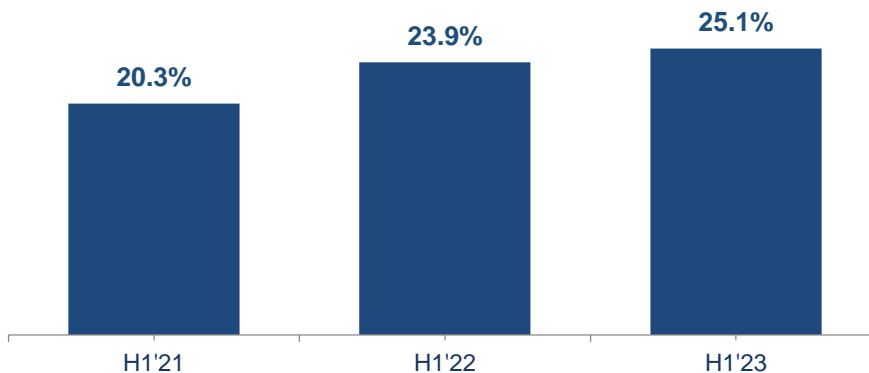
Total Assets | KD mn



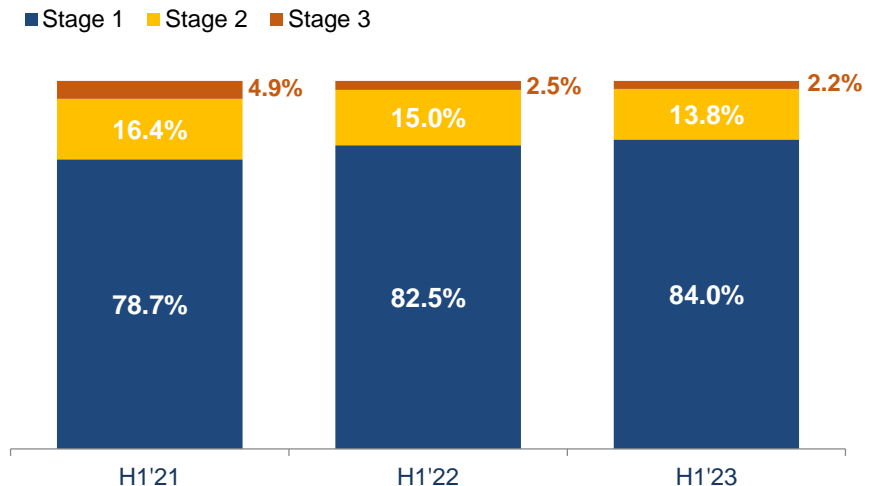
Customers Loan & Sector Concentration | KD mn, %



Liquid Assets Ratio⁽¹⁾ | %



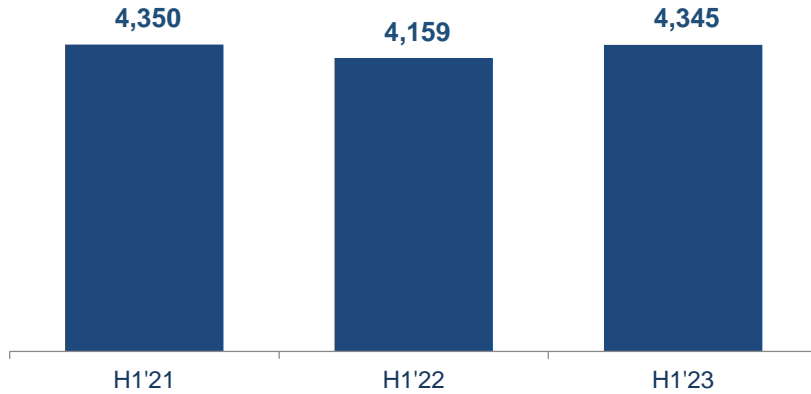
Loans by Stages⁽²⁾ | %



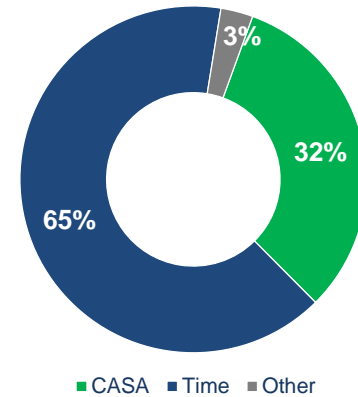
Notes: (1) Computed as Liquid Assets (Cash & cash Equ.+ T-bills / bonds+ Dues from Banks & OFIs) / Total Assets excl BoB; (2) Represents IFRS 9 classification.
 BoB was classified as Held for sale during H1'21 & H1'22 and it was sold in Feb'23.

LIQUIDITY PROFILE

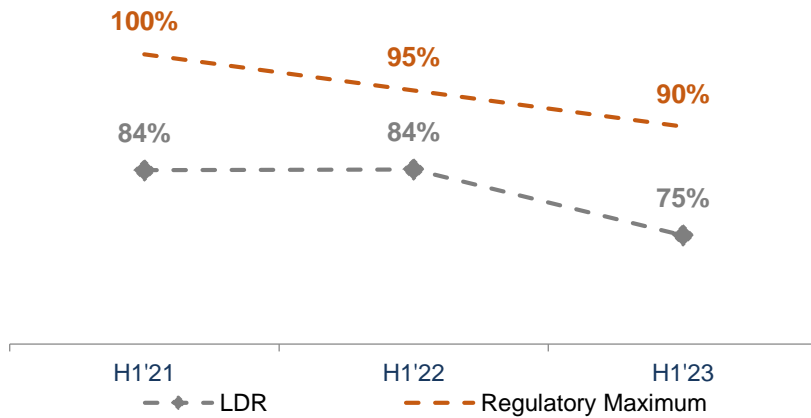
Customer Deposits | KD mn



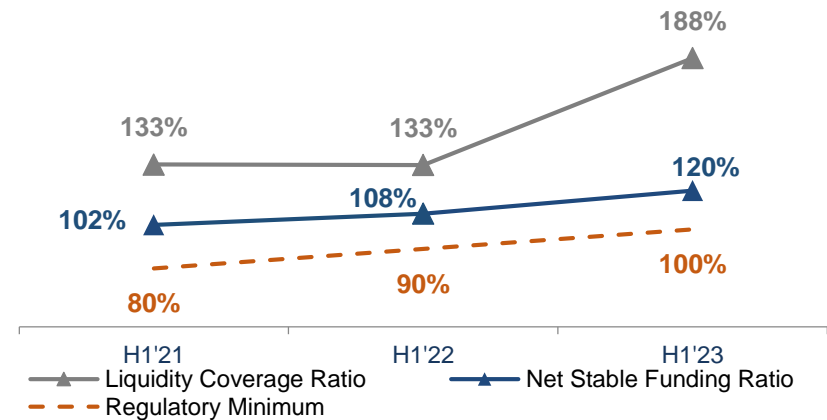
Deposits by Type – H1'23 | %



Loan to Deposit Ratio (LDR) | %



Regulatory Liquidity Metrics[^] | %

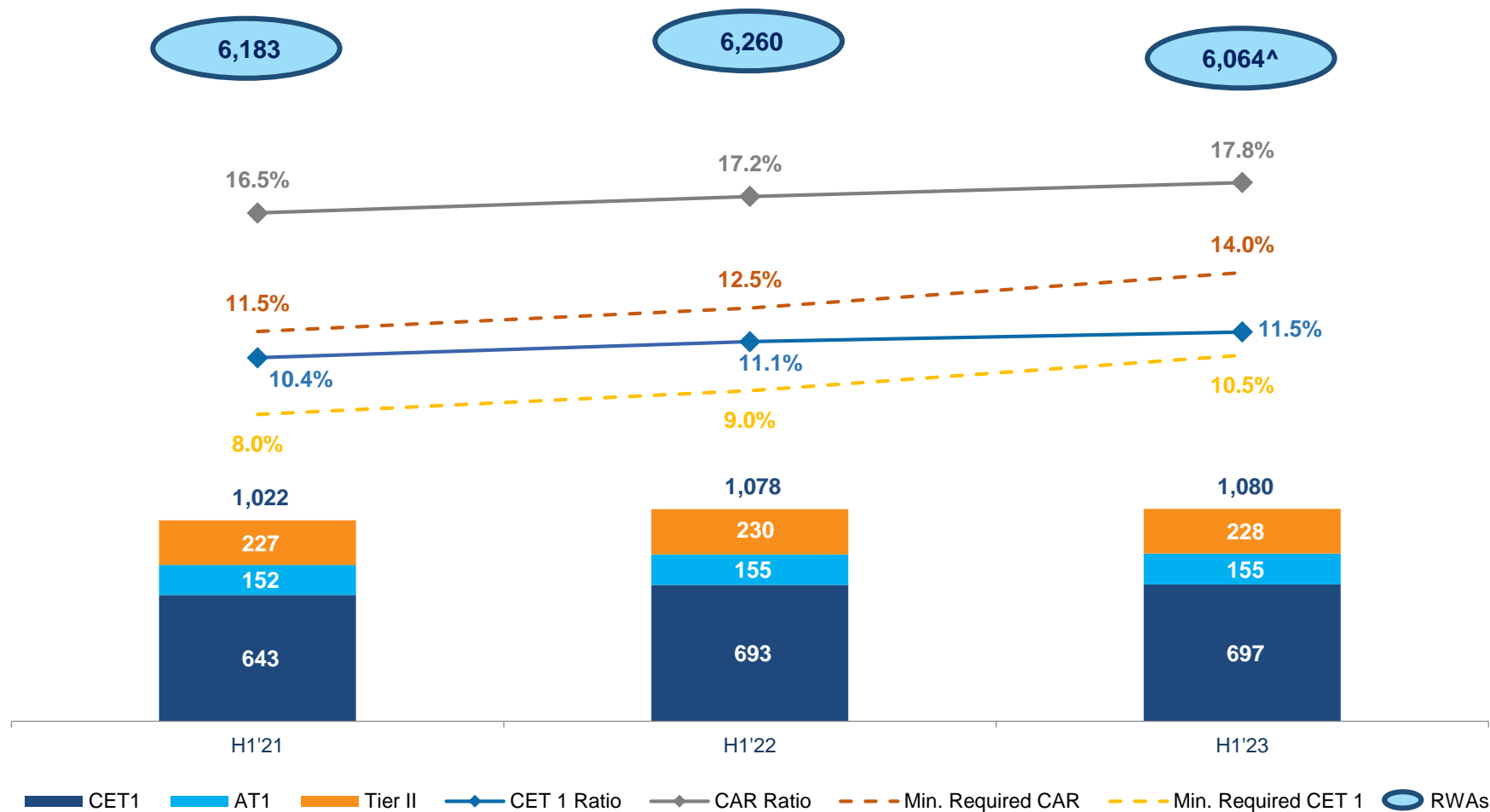


[^] Represents daily average ratios for the quarters.

Customer Deposits excludes BoB as it was classified as Held for sale during H1'21 & H1'22 and it was sold in Feb'23.

CAPITAL POSITION

Regulatory Capital | KD mn, %



[^] RWAs lower in H1'23 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%	↔	48.1%	+730 bps	1.2%	+70 bps	1.9%	(20 bps)
 Turkey	ASSETS 	NIM	Δ%	CI RATIO	Δ%	CoC ⁽³⁾	Δ%	NPL RATIO	Δ%
		2.3%	(100 bps)	33.6%	(440 Bps)	(1.5)%	+20 bps	2.0%	(360 bps)
 Algeria	ASSETS 	NIM	Δ%	CI RATIO	Δ%	CoC ⁽³⁾	Δ%	NPL RATIO	Δ%
		5.3%	(70 bps)	52.5%	+690 bps	0.8%	(40 bps)	2.8%	+40 bps
 Tunisia	ASSETS 	NIM	Δ%	CI RATIO	Δ%	CoC ^{(3),(4)}	Δ%	NPL RATIO	Δ%
		4.1%	+190 bps	31.5%	(15.2 pps)	1.2%	+30 bps	0.3%	↔

Notes : (1) Contribution percentages haven been rounded-off & are before consol. adj; Contributions in KDs; (2) Deltas are for H1'23 over H1'22; (3) COC computed as loan loss provisions on Gross loans; (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

Summary

➔ **Asset quality, Capital position & Liquidity levels** continues to be **Healthy**

➔ **Kuwait** business remains **robust** while Turkey business continues to **outperform**;
Outlook remains positive supported by **July'23 rate hike in Kuwait** and **improving operating environment in Turkey**

Thank You

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