

BURGAN BANK GROUP

INVESTOR PRESENTATION

FY 2020 FINANCIAL RESULTS

FEBRUARY 2021



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KEY FOCUS AREAS IN FY'20

1

Swift Transition to “New Normal”

2

Digital Initiatives Fast-tracked

3

Finalizing Exit from Iraq

FY'20 PERFORMANCE HIGHLIGHTS



Resilient Top-line

- **Net-Interest income** impacted by rate cuts
- **Non-interest income** (excl one-offs) : +7% y-o-y



Lower Operating Costs

- **Expenses** lower by KD 5mn y-o-y
- Reduction in non-critical expenses; continued investment in Digital



Growth Led by Kuwait

- **Loans:** Kuwait +5% y-o-y; Group +1% y-o-y
- **Deposits:** Kuwait +5% y-o-y; Group +3% y-o-y



Higher Liquidity Levels

- **LCR** ^ : 208%
- **NSFR** ^ : 108%



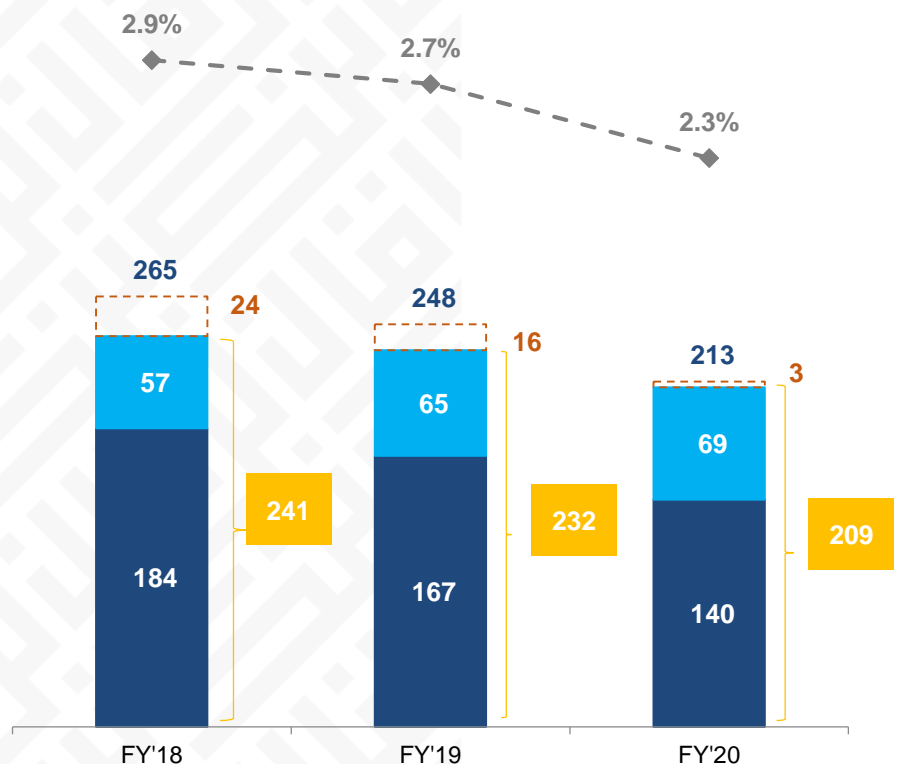
Continued Shareholder Returns

- **Dividend Payout (Proposed)** : 53%
- **Cash Dividend (Proposed)** : 5 fils per share
- **Bonus Shares (Proposed)** : 5%

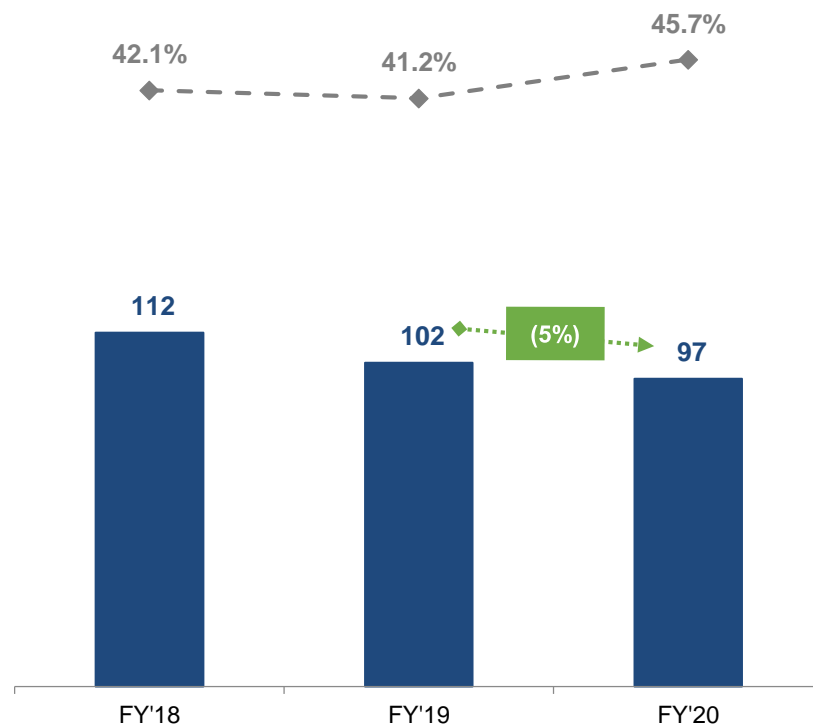
^ NSFR refers to Net Stable Funding Ratio (regulatory minimum 80%) & LCR refers to Liquidity Coverage Ratio (regulatory minimum 80%).

REVENUE & OPERATING EXPENSES

Revenue & Margins⁽¹⁾ | KD mn, %



Operating Exp. & Cost-to-Income Ratio⁽²⁾ | KD mn, %



Normalized Revenue

Net-Interest Income

Normalized Non-Interest Income

Operating Expenses

Cost-to-Income Ratio

One-offs[^]

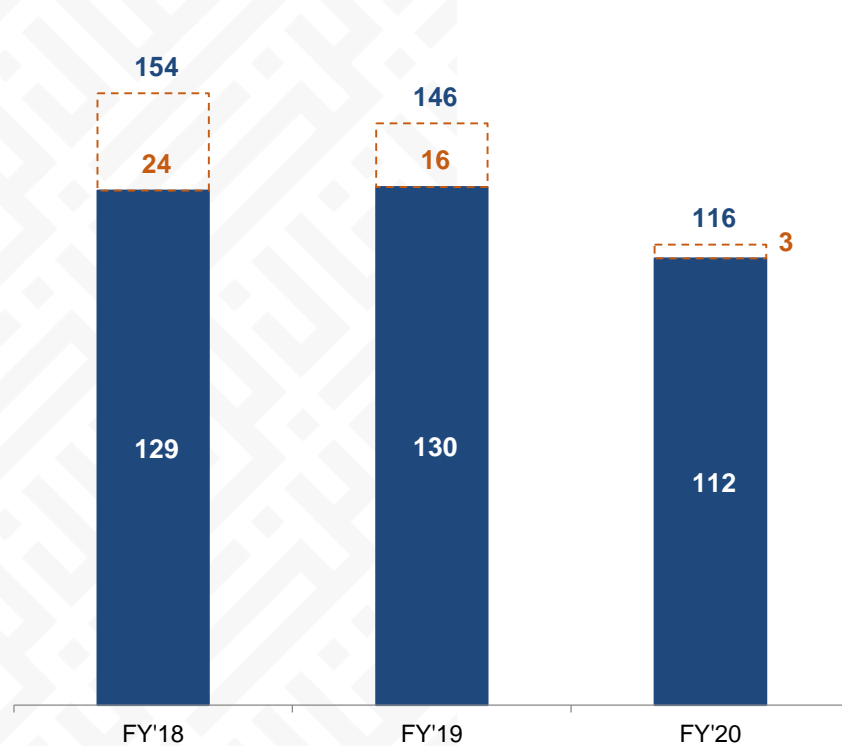
NIM

(1) FY'19 NIMs has been adjusted for one-month reporting lag in subsidiaries; (2) Cost to income ratio is calculated as Total Operating expenses / Total Revenues.

[^] Includes one-off recoveries & dividend income

OPERATING PROFIT & NET INCOME

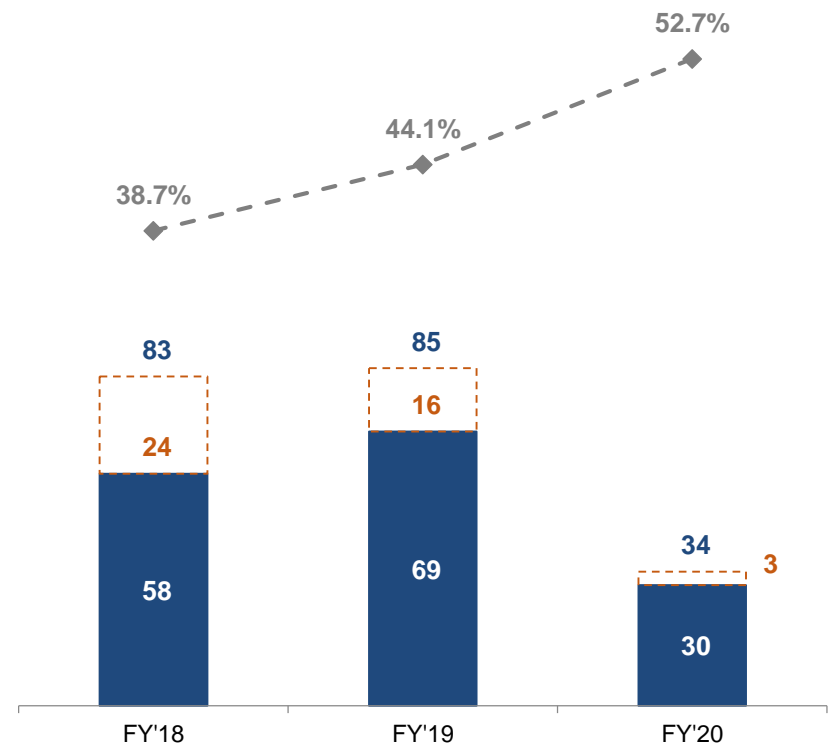
Operating Profit | KD mn



■ Normalized Operating Profits

▨ One-offs^

Net Income⁽¹⁾ & Dividend Payout Ratio ⁽²⁾ | KD mn, %



■ Normalized Net Income

▨ One-offs^

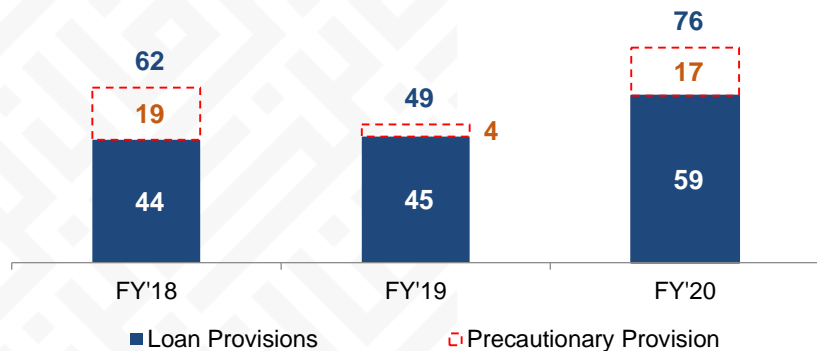
—◆— Dividend Payout Ratio

(1) Net Income attributed to equity holders of bank before perpetual cost; (2) Computed on Net Income Post Perpetual Costs

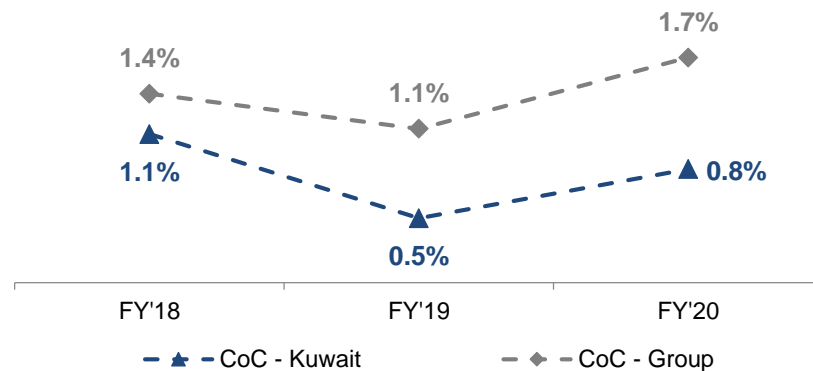
^ Includes one-off recoveries & dividends

ASSET QUALITY

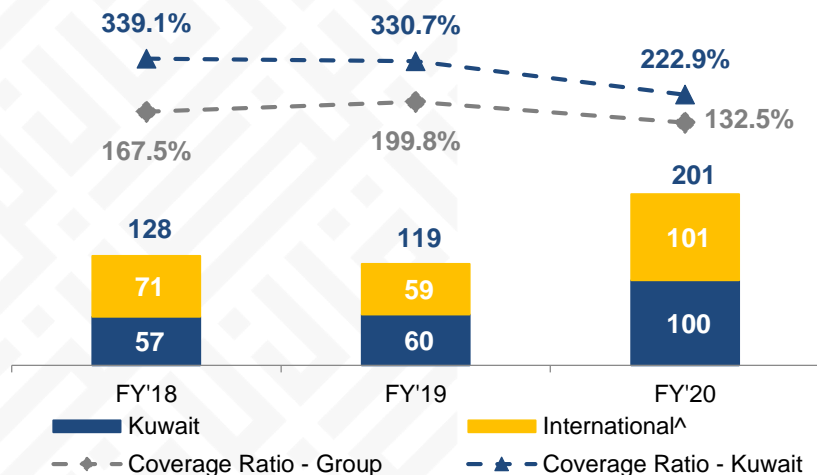
Provisions⁽¹⁾ | KD mn



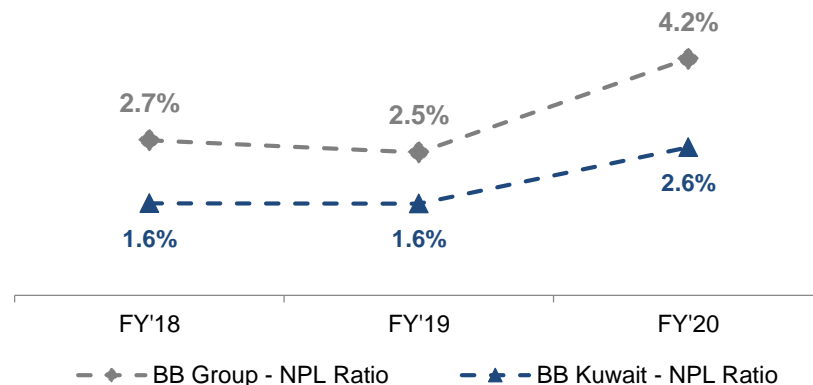
Cost of Credit (CoC)⁽²⁾ | %



NPLs (KD mn) & Coverage⁽³⁾ (%)



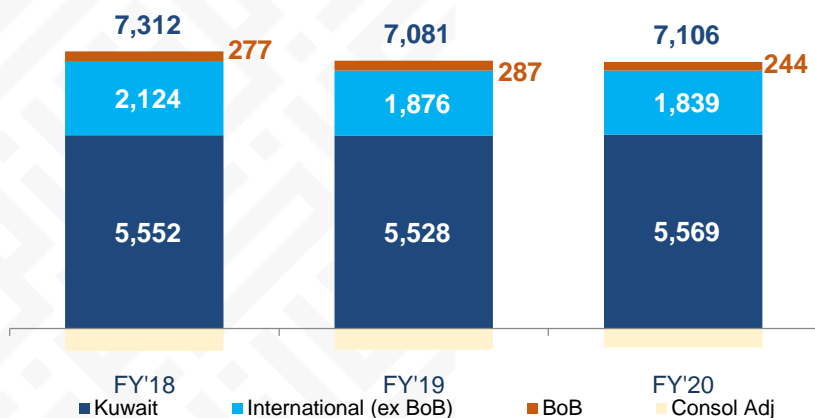
NPL Ratio (%)



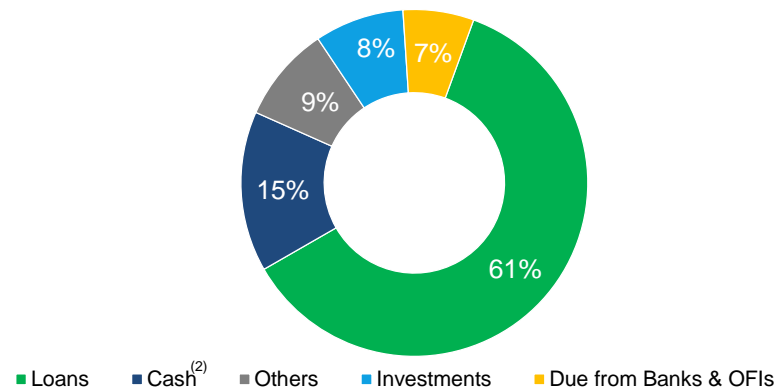
(1) Loan loss provision only; (2) Calculated as Loan Loss Provisions / Gross Loans; (3) NPL Coverage ratio calculated as Cash Provision / NPLs
 ^ International doesn't include BoB for FY'19 & FY'20 as BoB has been classified as "Held for Sale"

ASSETS & LOANS

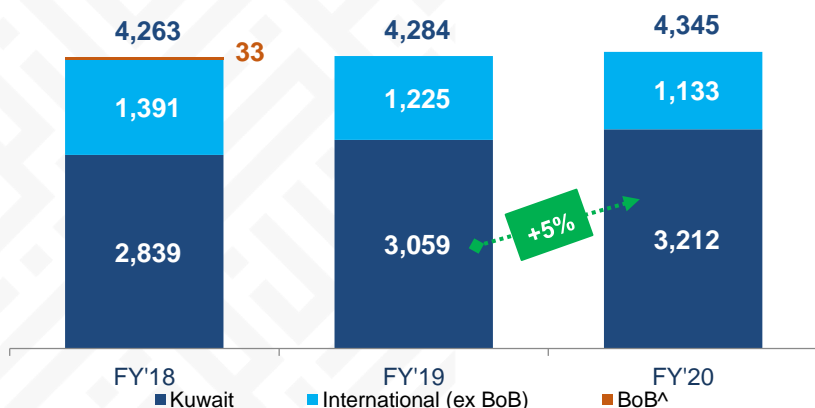
Total Assets⁽¹⁾ | KD mn



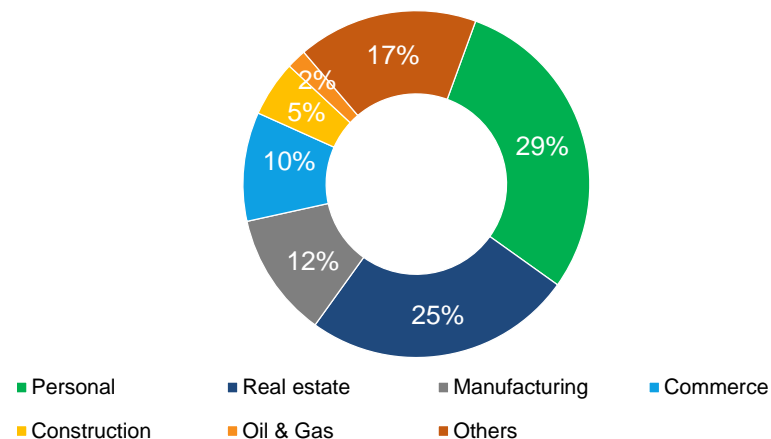
Asset Composition – FY'20 | %



Customer Loans⁽¹⁾ | KD mn



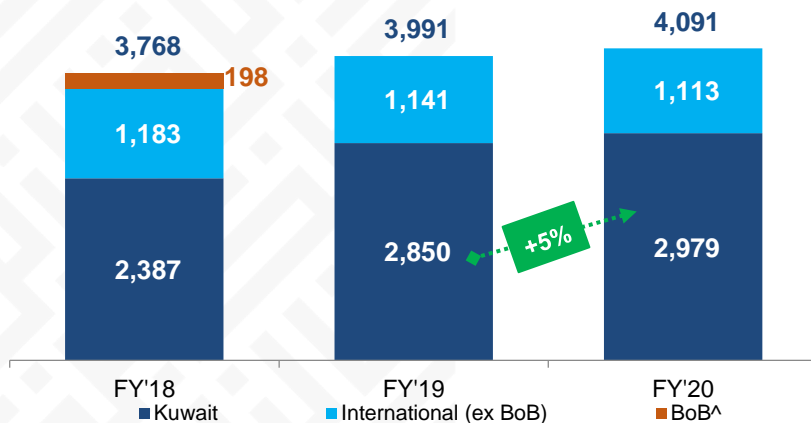
Customer Loans – Sector Concentration (FY'20) | %



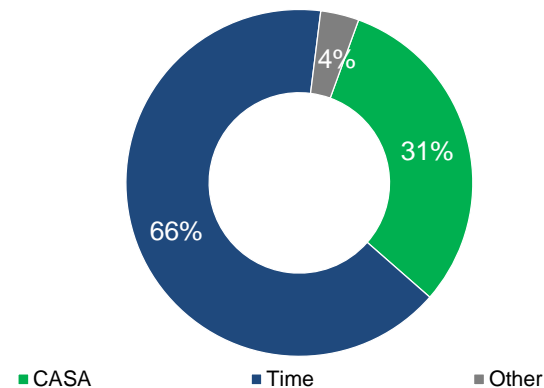
(1) BB Kuwait numbers are as per MIS view; BOB has been classified as "Held for Sale" in FY19 & FY20; (2) Cash Includes Treasury Bills & Bonds

DEPOSITS & LIQUIDITY METRICS

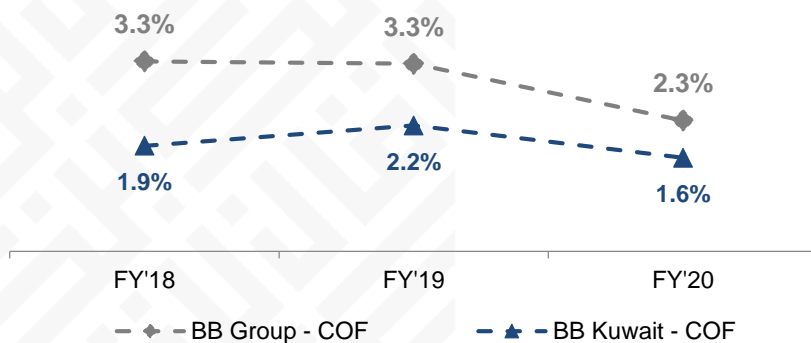
Customer Deposits ⁽¹⁾ | KD mn, %



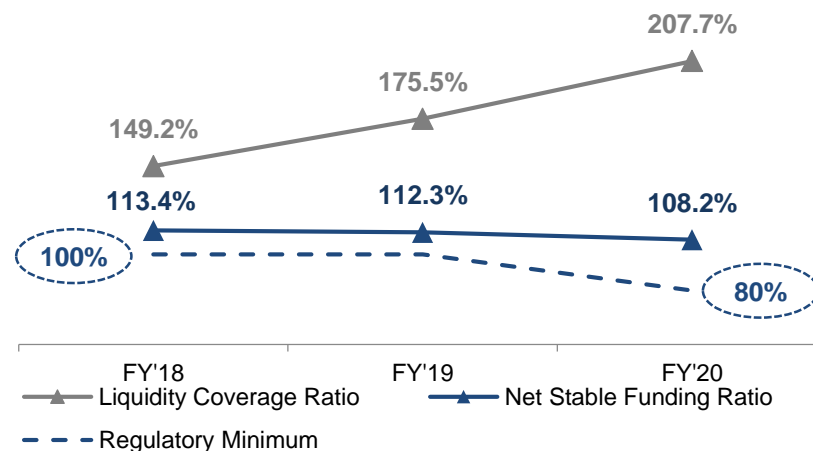
Deposits by Type – FY'20 | %



Cost of Funds | %



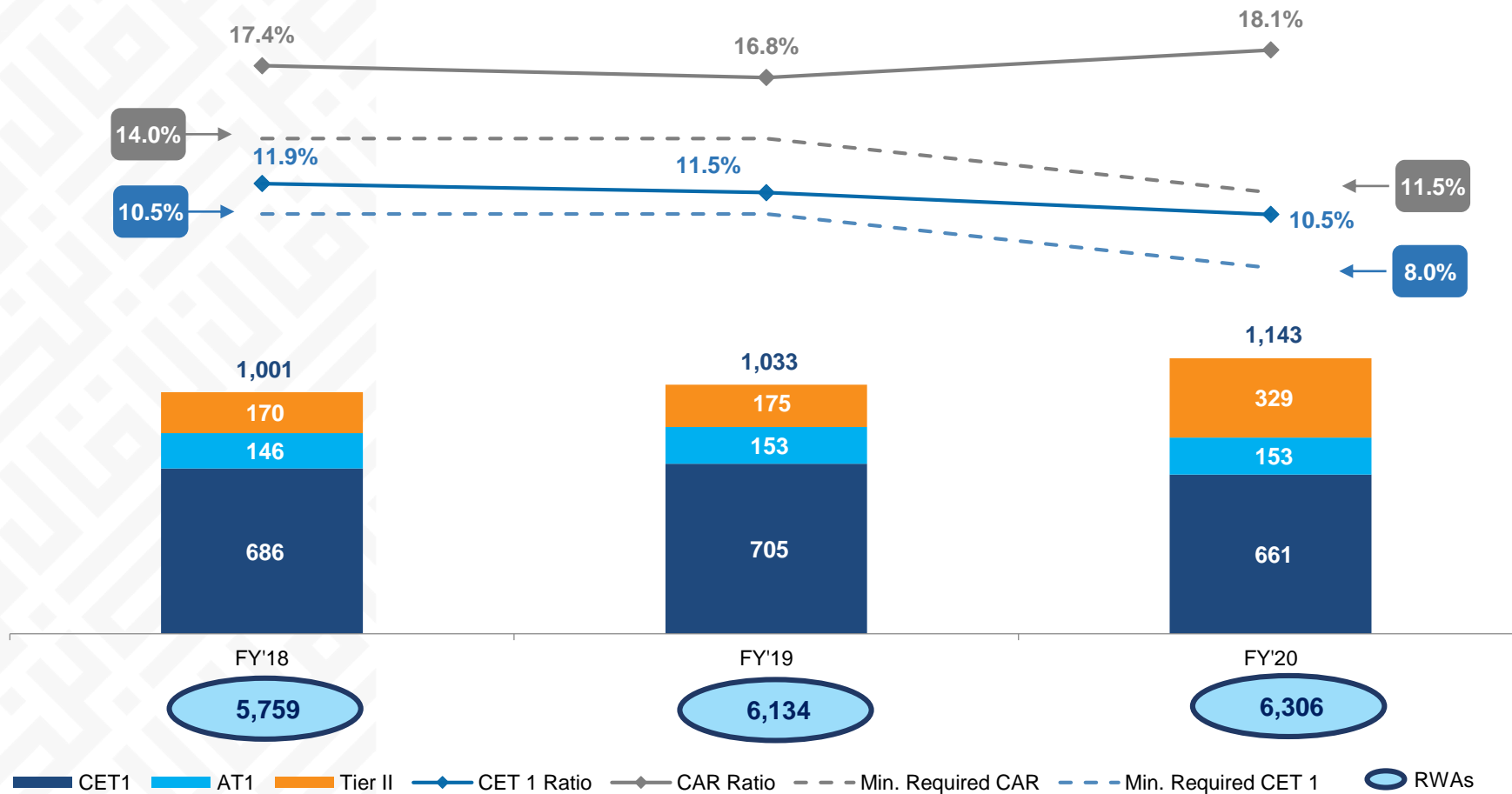
Regulatory Liquidity Metrics⁽²⁾ | %








(1) BB Kuwait numbers are as per MIS view; BOB has been classified as "Held for Sale" in FY19 & FY20; (2) Represents daily average ratios for the quarters (i.e. Q4'18, Q4'19 and Q4'20)

CAPITAL LEVELS

Regulatory Capital | KD mn, %



PERFORMANCE COMPARISON (KUWAIT VS. INTERNATIONAL OPS)

		 BB KUWAIT ⁽¹⁾			    INTERNATIONAL OPS		
		FY'20	FY'19	FY'18	FY'20	FY'19	FY'18
Key P&L Items KD mn	Revenues	125	176	165	104	102	115
	Expenses	44	49	55	47	45	53
	Provisions ⁽²⁾	29	15	34	49	34	29
	Net Income ⁽³⁾	50	107	73	3	12	24
KPIs %	NIMs ⁽⁴⁾	1.6%	2.1%	2.3%	4.3%	4.5%	4.0%
	Cost-to-Income Ratio	35.3%	27.6%	32.3%	44.8%	44.7%	46.4%
	Cost of Credit ^{(4),(5)}	0.8%	0.5%	1.1%	4.2%	2.8%	2.0%
	NPL Ratio	2.6%	1.6%	1.6%	8.3%	4.6%	4.8%

(1) BB Kuwait numbers are as per MIS view; (2) Loan loss provisions only; (3) Net Income attributed to equity holders of bank before perpetual cost; (4) NIMs & CoC for 2019 have been annualized to adjust for one month lag in subsidiaries reporting (5) Calculated as Loan Loss Provisions / Gross Loans;

Note: Figures exclude consolidation adjustments;

IN CONCLUSION

👉 FY'20 results impacted largely by low rates environment in Kuwait, higher credit costs in Turkey & precautionary provisioning

👉 Looking ahead, Burgan will continue to accelerate its digital transformation plans and complete its exit from Iraq upon receipt of approvals

Thank You

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