

BURGAN BANK GROUP

INVESTOR PRESENTATION

Q3'20 FINANCIAL RESULTS

18TH NOVEMBER 2020

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برقان

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KEY HIGHLIGHTS: Q3'20 RESULTS

1

Strong Earnings

- 👉 Revenue: **KD 57mn** (vs Q2'20: KD47mn)
- 👉 Net Income: **KD 10mn** (vs Q2'20: KD6mn)

2

Improved Efficiency

- 👉 Operating Costs: **KD 22mn** (vs Q2'20: KD23mn)
- 👉 Cost-to-Income Ratio: **39.0%** (vs Q2'20: 49.2%)

3

Healthy Capital

- 👉 CET1 Ratio: **10.7%** (above reg min of 8%*)
- 👉 CAR Ratio: **16.0%** (above reg min of 11.5%*)

4

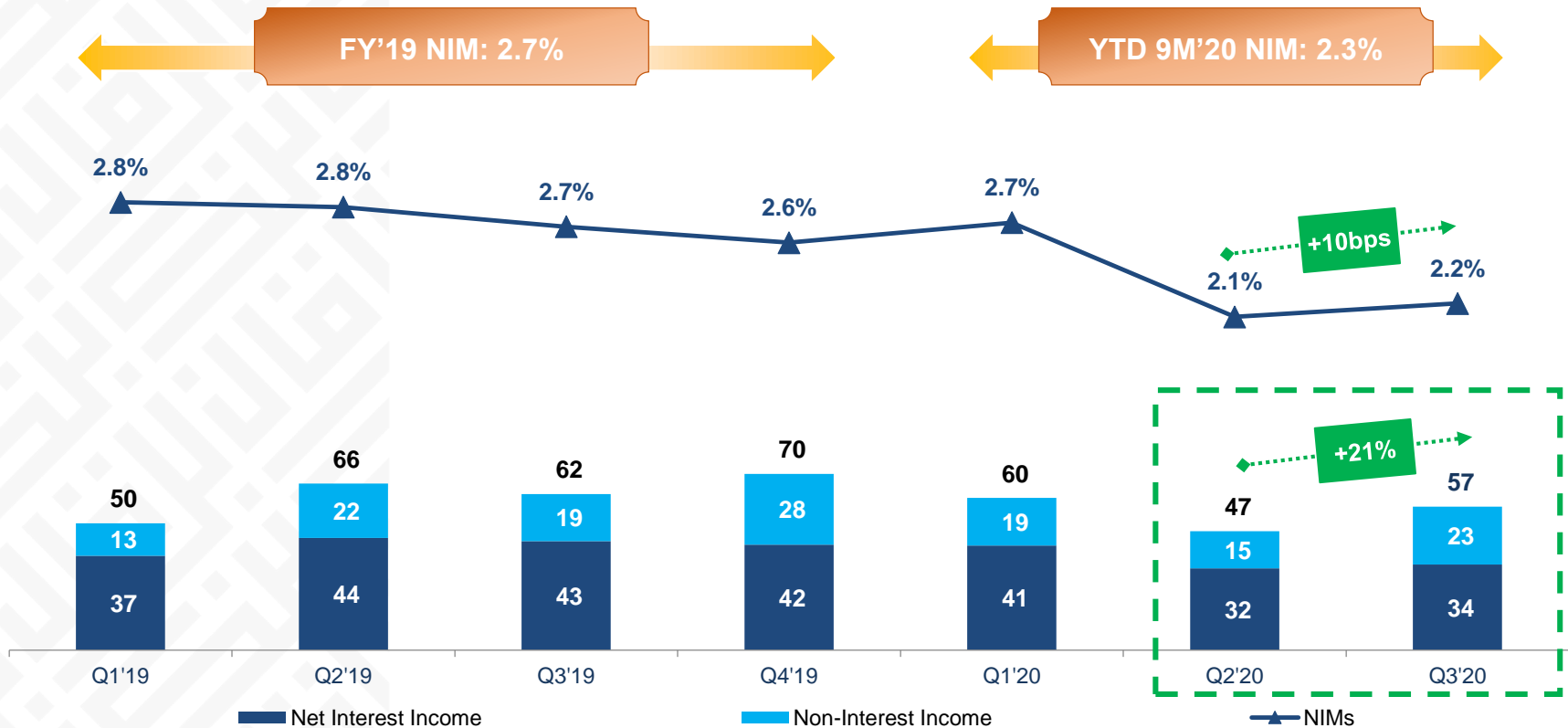
High Liquidity

- 👉 **BASEL - III Liquidity ratios:**
 - ✓ **NSFR**:** 110.4% (above reg min of 80%*)
 - ✓ **LCR**:** 134.0% (above reg min of 80%*)

* As per current requirements of CBK; ** NSFR refers to Net Stable Funding Ratio & LCR refers to Liquidity Coverage Ratio

REVENUE GROWTH SUPPORTED BY MARGIN IMPROVEMENT...

Revenue & Margins[^] | KD mn, %

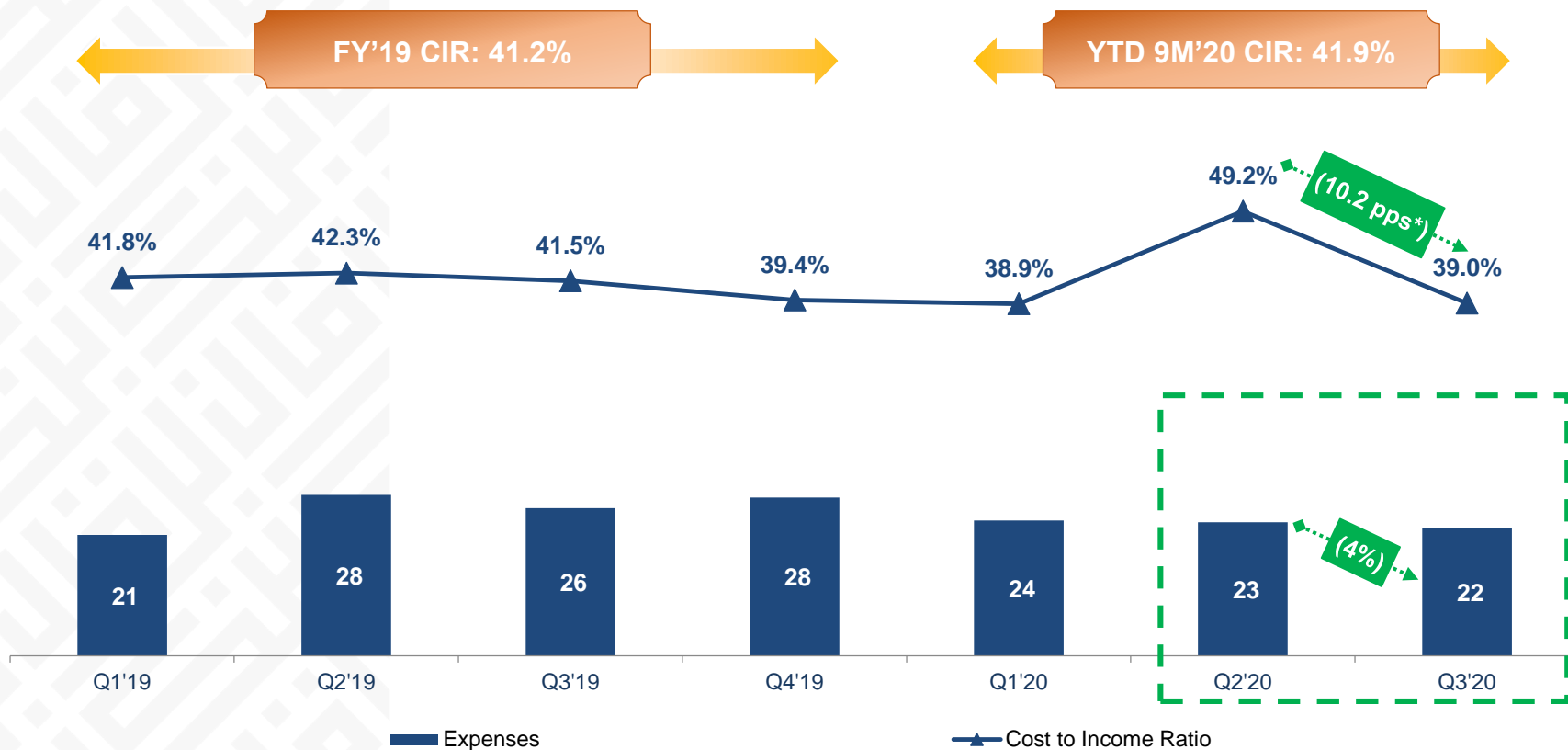


- ❖ In Q3'20 margins improved by 10bps largely due to continued reduction in funding costs
- ❖ Non-interest income growth in Q3'20 led by improved Trade activities & higher securities gains

[^] NIMs have been annualized; Q1-2019 & FY'19 NIMs has been adjusted for one-month reporting lag in subsidiaries.

...OPERATING EXPENSES CONTINUE TO BE OPTIMIZED...

Operating Expenses & Efficiency | KD mn, %

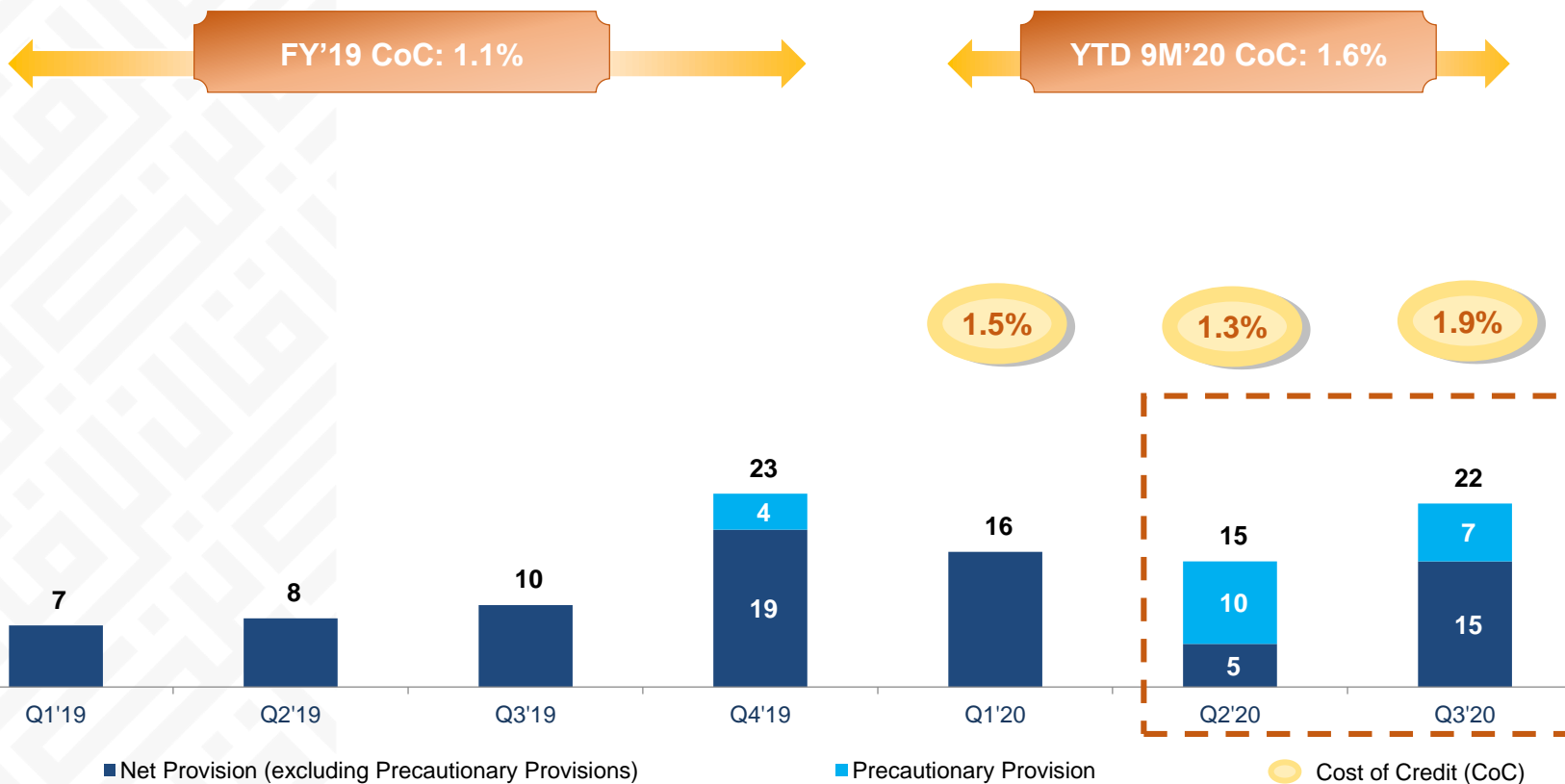


- ❖ OpEx is lower by KD 9.5mn[^] in 9M'20 (compared to 9M'19)
- ❖ Cost optimization initiatives will continue to be pursued across the Group

[^] Excluding the impact of 1-month reporting lag; * Percentage Points

...WITH PRUDENT PROVISIONING LEVELS...

Cost of Credit (CoC)^ | KD mn, %

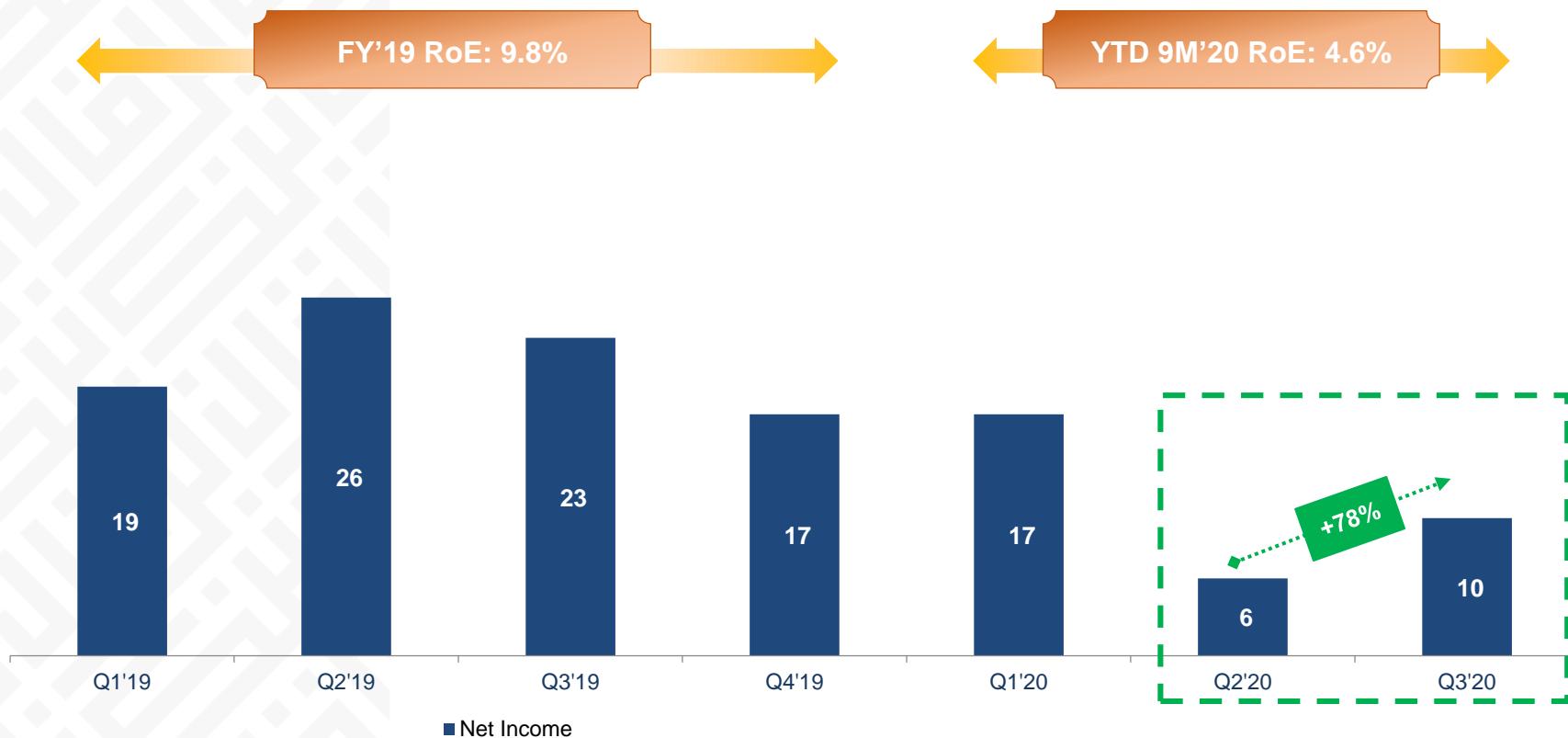


❖ **Elevated CoC in 9M'20, largely due to KD 17mn of precautionary provisions**

^ CoC has been computed as Total Loan Loss Provision / Gross Loans; CoCs has been annualized; Q1-2019 & FY'19 CoC has been adjusted for one-month reporting lag in subsidiaries;

...RESULTING IN IMPROVED NET INCOME LEVELS...

Net Income & Returns^ | KD mn, %

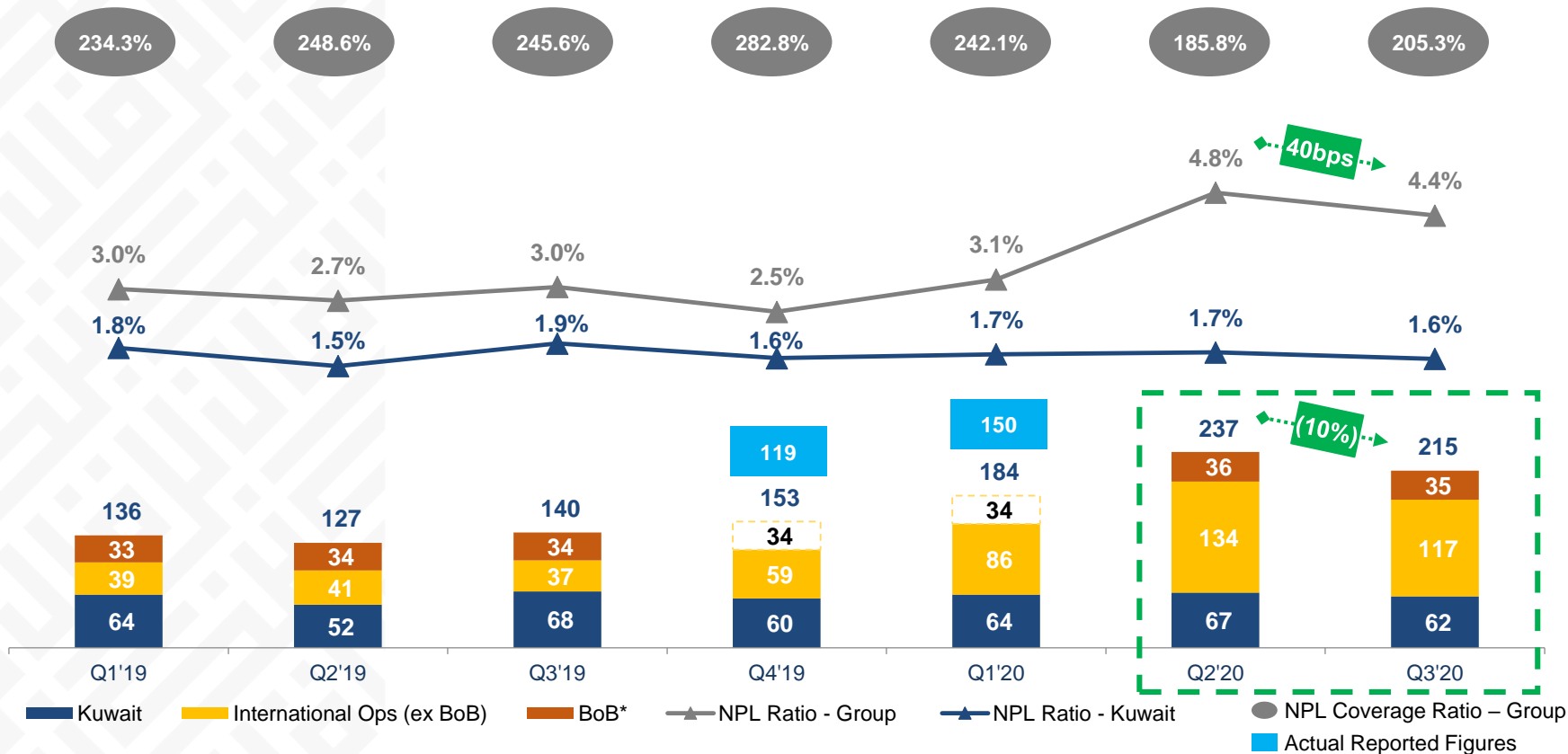


❖ 9M'20 Net Income levels reflects impact of ongoing pandemic on the interest rate environment and credit costs, offset by lower Operating Expenses

^ ROE is based on Net Income after perpetual cost and based on open equity methodology; ROE Annualized

...ASSET QUALITY IMPROVED...

NPLs & Coverage^ | KD mn, %



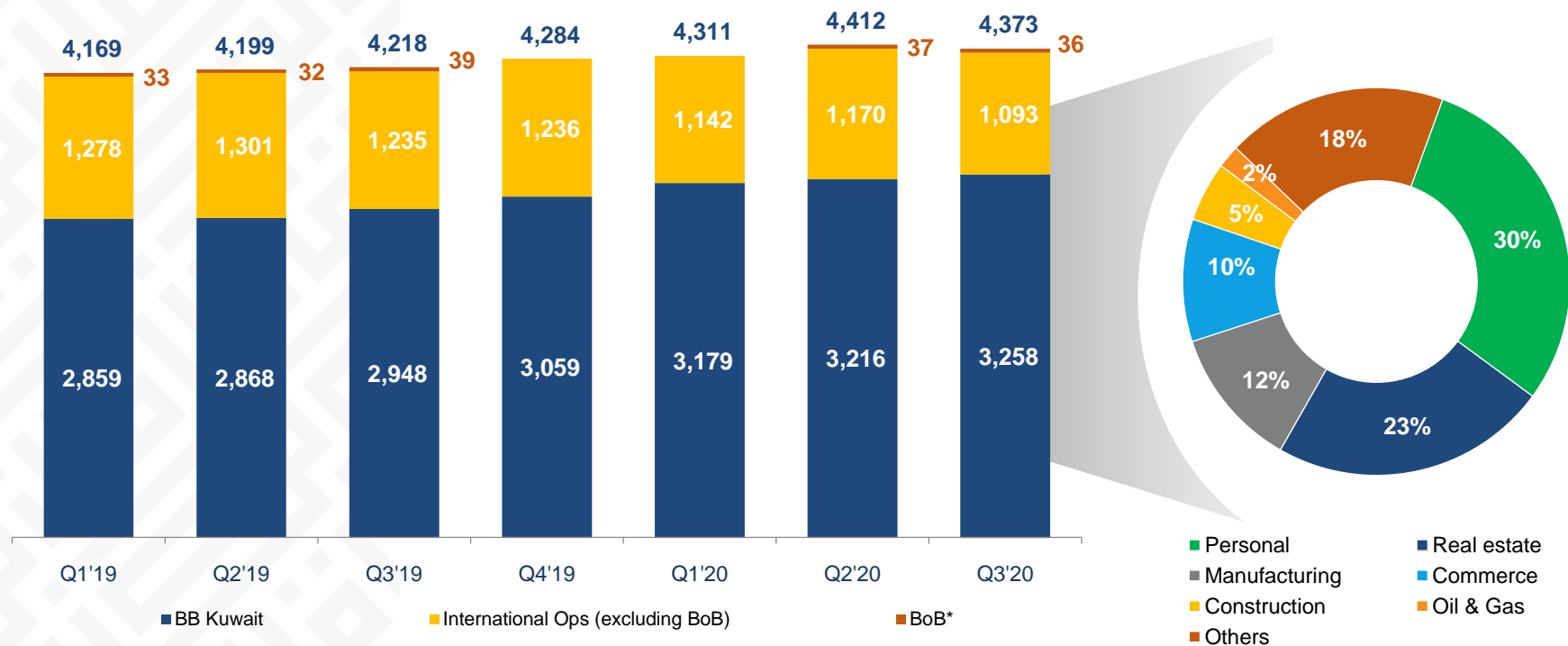
❖ Kuwait NPL ratio remains low

❖ Group NPL coverage ratio continues to be strong at above 200%

^ Coverage ratio calculated as (Cash Provision + Collaterals) / NPLs; * BoB was classified as "Held for Sale" during Q4'19 and Q1'20

...LOAN GROWTH LED BY KUWAIT ...

Customer Loans[^] & Sector Concentration | KD mn , %

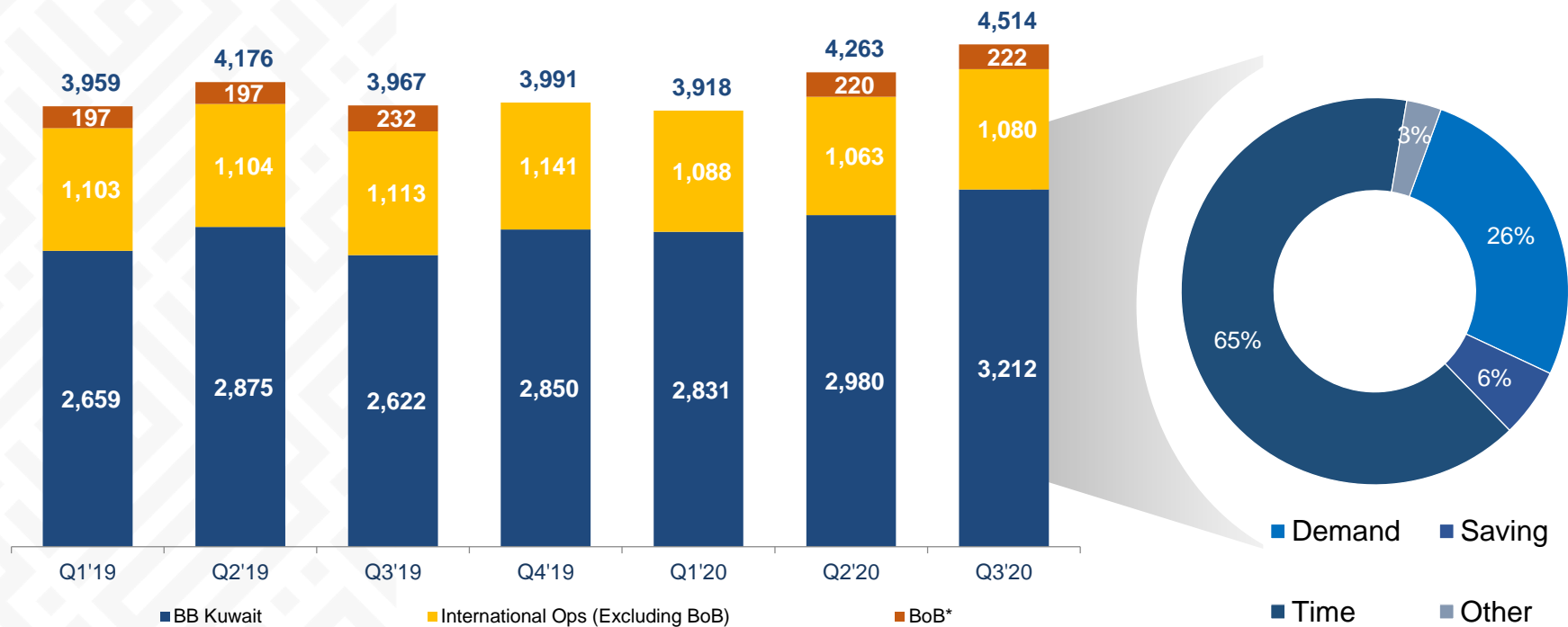


- ❖ Kuwait loans grew by 6.5% since Dec'19
- ❖ Reduction in International loan book due to proactive strategy of “low-growth” for the subsidiaries in the current environment.

[^] Excludes consolidation expenses; * BoB was classified as “Held for Sale” during Q4'19 and Q1'20

... & CONTINUED GROWTH IN DEPOSITS ...

Customer Deposits & Deposits by Type | KD mn, %



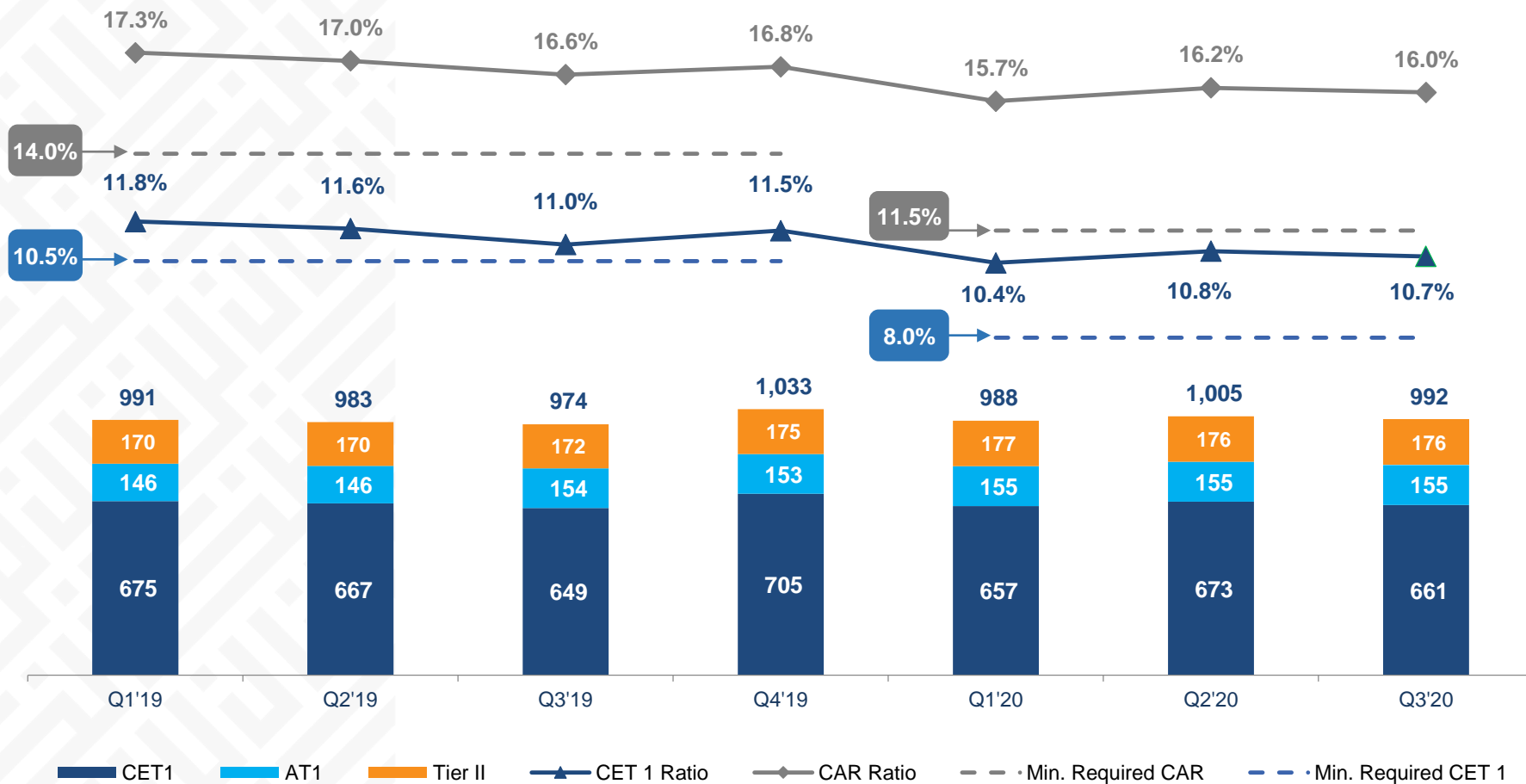
❖ Kuwait's Deposits grew by 7.8% Q-o-Q; growth of KD 362mn since Dec'19

❖ Group's Deposits grew by 5.9% Q-o-Q

* BoB was classified as "Held for Sale" during Q4'19 and Q1'20

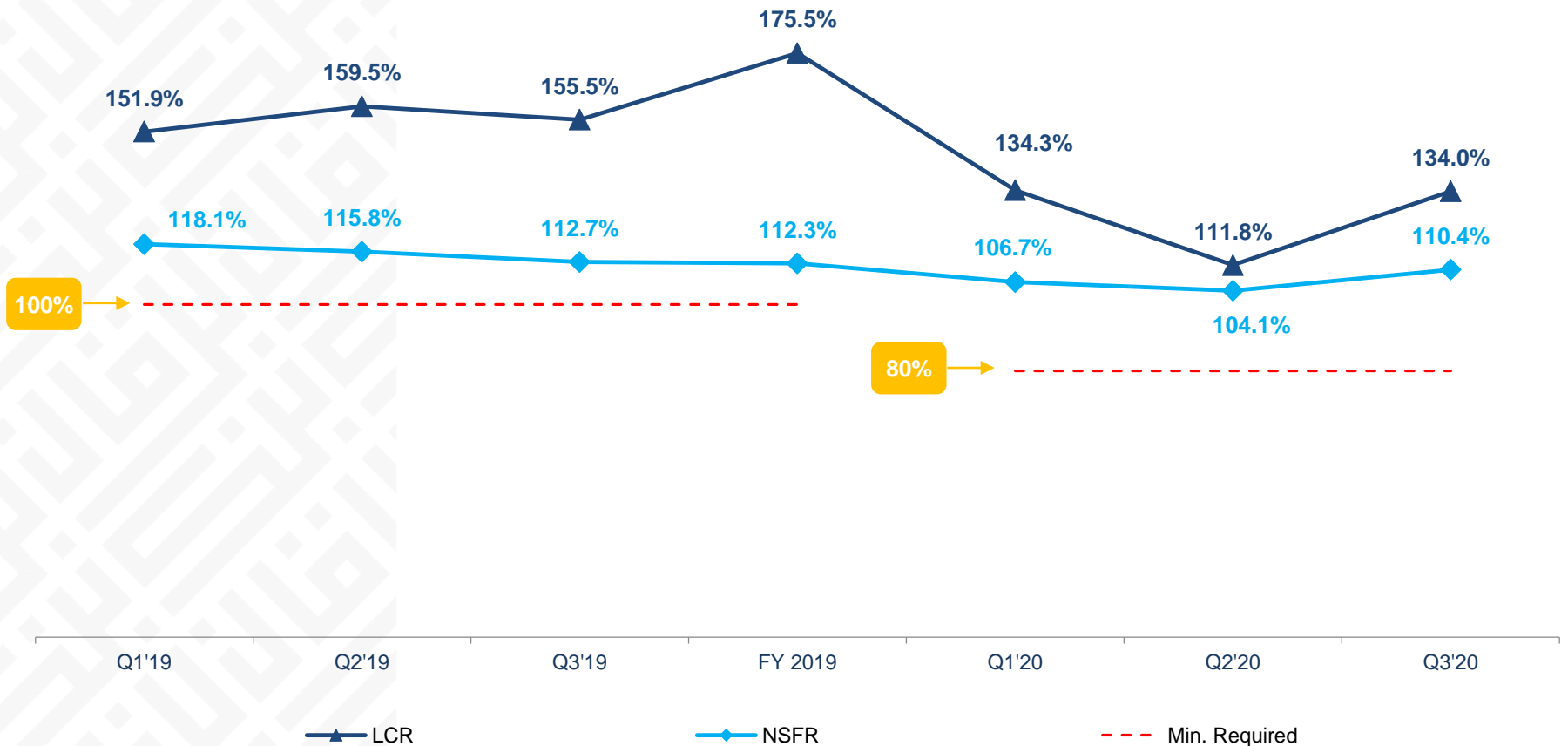
... OPTIMAL CAPITAL LEVELS...

Regulatory Capital | KD mn, %



... AND HIGH LIQUIDITY LEVELS

Liquidity Coverage Ratio (LCR) ^ & Net Stable Funding Ratio (NSFR) ^ | %



^ Represents daily average ratios for the quarters

Q3'20 PERFORMANCE: KUWAIT & INTERNATIONAL OPERATIONS



#BB Kuwait Represents MIS view; *NIMs & CoCs have been annualized; ^ Loan Loss Provisions only

Note: Figures excludes consolidation Adjustments

SUMMARY

1

The pandemic has had a strong impact on Burgan's earnings over the last two quarters but Burgan has responded well with focus on reducing operating expenses and optimizing funding costs.

2

Kuwait, the core engine of the group, remains stable with steady asset quality metrics

3

Burgan is ensuring that customers continue to be provided with the best service and that employees are fully engaged with in these difficult times.

Thank You

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INVESTOR RELATIONS

Contact details below for any enquiries related to Burgan Bank K.P.S.C. and Subsidiaries;

Email: IR@burgan.com

Phone: +965 2298 8652