

BURGAN BANK GROUP

INVESTOR PRESENTATION

1ST QUARTER 2018

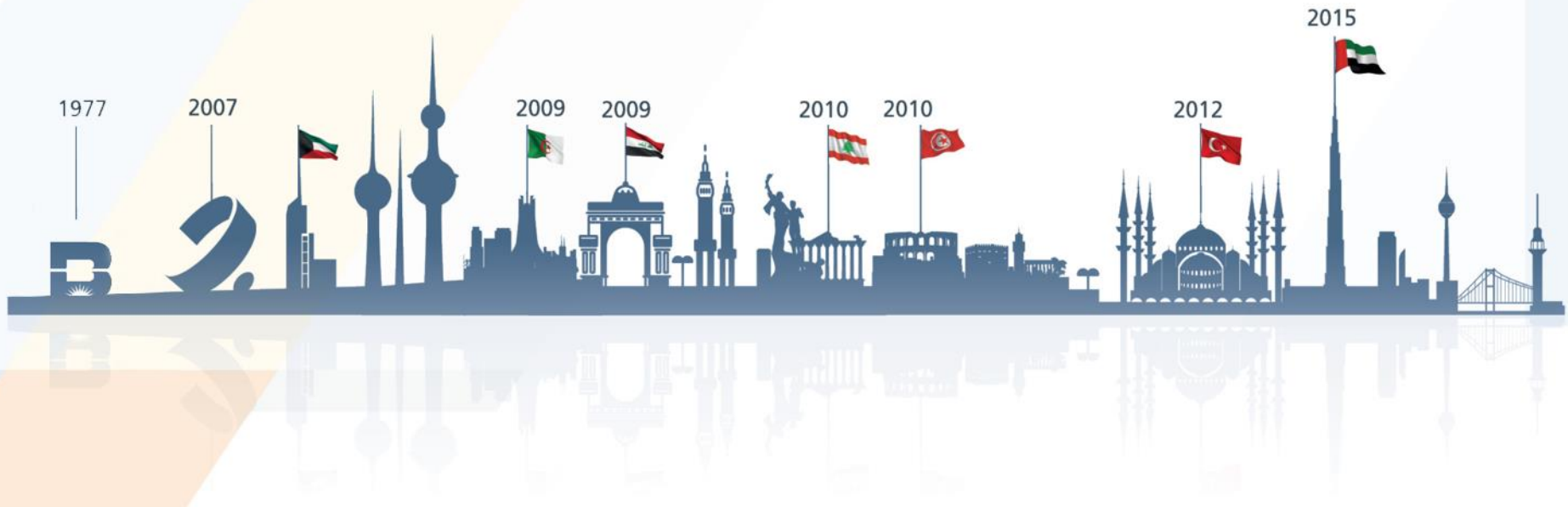


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MACRO ENVIRONMENT READING

OUR READING FOR 2018: RISK RISING MODERATELY, AND PRUDENCE TO CONTINUE WITH DISCIPLINED GROWTH...

Risks		Region	Probability(%)	Market impact	Likely reaction
UPSIDE	1) US: tax cuts significantly increase profit repatriation and investment; infrastructure spending plans implemented in full; continued Fed normalization.	US	25	BULL (GLOBAL)	1) Economy: higher growth, employment and inflation supported by a) increased investment; b) rising infrastructure spending. 2) Banking: higher lending and deregulation.
	2) EU: successful EU reform, increased fiscal spending (led by Germany).	EU	15	BULL (EU)	1) Economy: France and Germany support increased government spending in S. Europe in exchange for reforms and first few steps towards issuing Eurobonds. 2) Banking: higher lending.
	3) GCC: most countries successfully implement revenue-raising taxes (including VAT) and succeed in reducing subsidies.	MENAT/ GCC	10	BULL (GCC)	1) Economy: growth, lower budget deficit/higher budget surplus, reduced dependence on natural resources, higher government investment. 2) Banking: higher lending.
	4) GCC: successful resolution of the Qatar crisis. GCC regains strength as an institution.	MENAT/ GCC	20	BULL (GCC)	1) Economy: intraregional trade flows and joint investment programs resume. Adoption of common taxation regulation. 2) Banking: resume lending to Qatar institutions, reduce allocation to safety assets.
	5) Algeria: success of diversification efforts and regulatory changes on business environment, labor market, and foreign investment.	MENAT	10	BULL (ALGERIA)	1) Economy: growth, increase in private and foreign investment, reduced dependence on natural resources, appreciation of DZD. 2) Banking: higher lending
DOWNSIDE	1) Global: declining liquidity (from USD +363bn in 2018 to -300bn in 2019) triggers a market crash.	GLOBAL	30	BEAR (GLOBAL)	1) Economy: potential correction/bear market, decline in credit to the economy due to rising interest rates, lower EMs growth; periphery-to-core capital flows 2) Banking: defensive portfolio allocation (liquid assets and safer sectors / companies), reduced lending
	2) Global: Trump policies increase protectionism and trigger global trade wars.	GLOBAL	25	BEAR (GLOBAL)	1) Economy: disruption of confidence and trade; lower global growth. 2) Banking: defensive portfolio allocation; reduced lending.
	3) Global: China hard landing.	GLOBAL	15	BEAR (GLOBAL)	1) Economy: disruption of confidence and trade; periphery-to-core capital flows. 2) Banking: defensive portfolio allocation; reduced lending
	4) Regional: sanctions on Iran trigger escalation of regional tension involving US, Iran, Saudi Arabia, Syria and Russia.	GLOBAL	15	BEAR (GLOBAL)	1) Economy: disruption of confidence and trade; lower growth; higher oil prices. 2) Banking: defensive portfolio allocation; reduced lending.
	5) GCC: Qatar crisis tensions increase within the GCC.	MENAT/ GCC	15	BEAR (GCC)	1) Economy: declining investment; volatility of oil prices. 2) Banking: hedge local currencies out of the money forward; focus on cash-flow.
	6) MENAT: Opec deal broken, oil <40 USD/bbl.	MENAT/ GCC	15	BEAR (MENAT)	1) Economy: lower growth; declining investment; higher budget deficit and debt. 2) Banking: defensive portfolio allocation.
	7) MENAT: social unrest in Tunisia and Algeria, due to unemployment and high inflation.	MENAT/ GCC	10	BEAR (MENAT)	1) Economy: lower growth, declining investment. 2) Banking: hedge local currencies out of the money forward; focus on cash-flow
	8) Turkey: rising inflation and short term external financing . Politics: inconclusive results could trigger capital outflows.	GLOBAL	10	BEAR (TURKEY)	1) Economy: lower growth, risk to foreign capital inflows, depreciation of TRY. 2) Banking: likely to cut lending rates after the regulator's proposal.

GROUP FINANCIAL PERFORMANCE



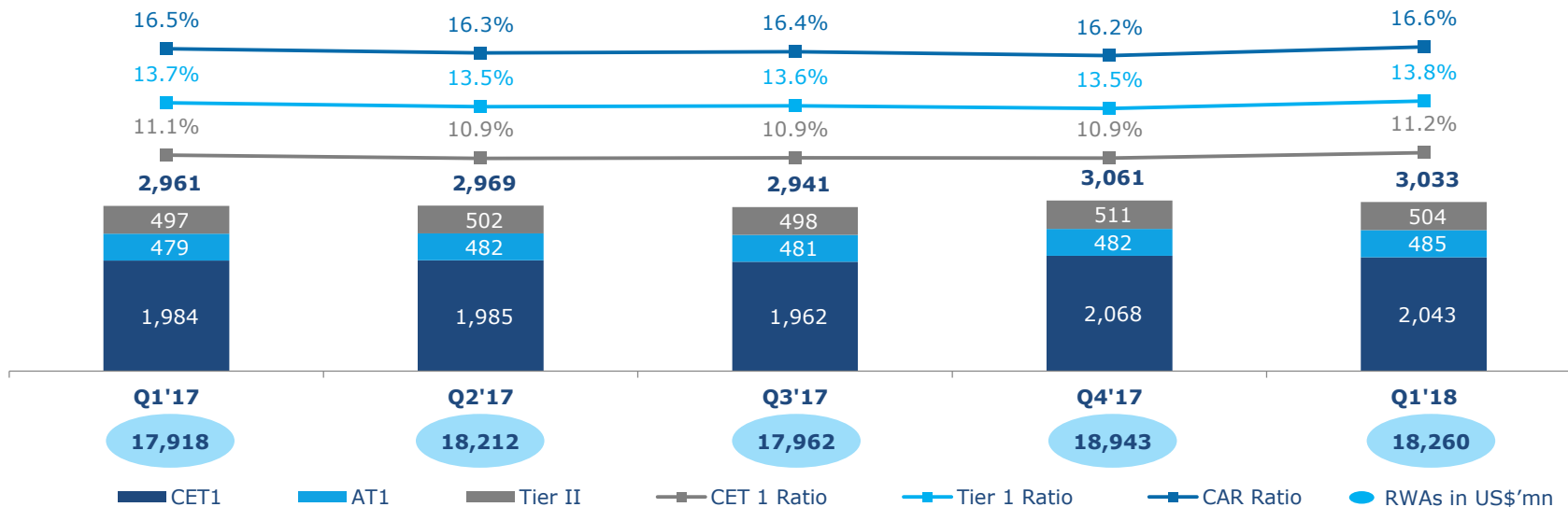
SOLID QUARTER IN ALL KEY INDICATORS...

As Reported - KD'mn				Q1'17	Q1'18	Growth	As Reported - US\$'mn				Q1'17	Q1'18	Growth
Income Statement	Net Interest Income	39.1	46.7	+20%	Income Statement	Net Interest Income	128.1	155.9	+22%				
	Non Interest Income	16.9	13.7	(18%)		Non Interest Income	55.2	45.8	(17%)				
	Operating Income	55.9	60.5	+8%		Operating Income	183.3	201.7	+10%				
	Operating Expense	(26.8)	(28.0)	+4%		Operating Expense	(87.8)	(93.2)	+6%				
	Operating Profit	29.2	32.5	+12%		Operating Profit	95.5	108.5	+14%				
	Provision for Loans	(3.3)	(8.7)	+162%		Provision for Loans	(10.9)	(29.0)	+167%				
	CBK Precautionary Provisions	(3.0)	(0.9)	(69%)		CBK Precautionary Provisions	(9.8)	(3.1)	(68%)				
	Other Provisions	(0.1)	0.6	n.m.		Other Provisions	(0.4)	2.1	n.m.				
	Net Income⁽¹⁾ before AT1 cost	17.8	20.4	+14%		Net Income⁽¹⁾ before AT1 cost	58.4	68.0	+17%				
	Net Income⁽¹⁾ after AT1 cost	15.1	17.7	+18%		Net Income⁽¹⁾ after AT1 cost	49.4	59.2	+20%				
Balance Sheet	Customers Loans	4,282	4,340	+1%	Balance Sheet	Customers Loans	14,052	14,479	+3%				
	Customers Deposits	3,928	3,940	+0.3%		Customers Deposits	12,890	13,145	+2%				
	Total Equity	707	718	+2%		Total Equity	2,320	2,395	+3%				
KPI's	NIM's ⁽²⁾	2.3%	2.9%	+60 bps	KPI's	NIM's ⁽²⁾	2.3%	2.9%	+60 bps				
	JAW's	(1.4%)	3.7%	+520 bps		JAW's	(1.5%)	3.8%	+530 bps				
	Cost of Credit	0.6%	0.9%	+30 bps		Cost of Credit	0.6%	0.9%	+30 bps				
	ROTE ⁽³⁾	10.3%	11.6%	+140 bps		ROTE ⁽³⁾	10.3%	11.7%	+140 bps				
	NPL Ratio	4.7%	2.7%	(210 bps)		NPL Ratio	4.7%	2.7%	(210 bps)				
	CET1	11.1%	11.2%	+10 bps		CET1	11.1%	11.2%	+10 bps				

(1) Net Income attributed to equity holders; (2) NIM's based on EOP Interest Earning Assets; (3) ROTE after AT1 cost.

CAPITAL OPTIMIZATION PLAN ACHIEVED OBJECTIVES...

Capital Adequacy | US\$'mn

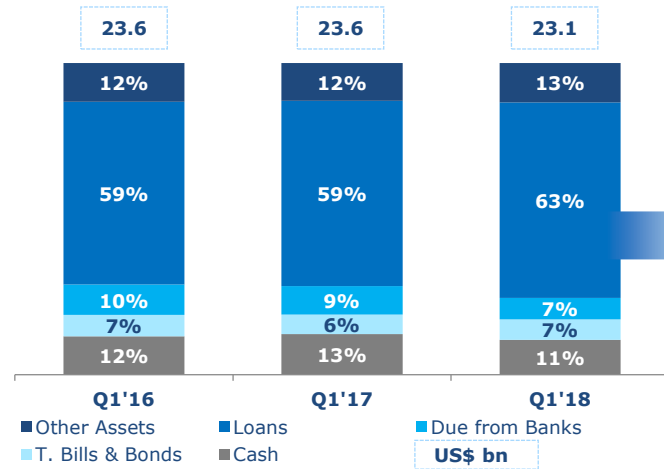


Capital Actions	Q1'17	Q2'17	Q3'17	Q4'17	Q1'18
	Sale of Treasury Shares Additional CET1	Sale of Treasury Shares Additional CET1	Sale of Treasury Shares Additional CET1	Profit of Year, Net CRM adjustment Additional CET1	Sale of Treasury Shares Additional CET1
	Investment Portfolio Realignment RWA Saving	Investment Portfolio Realignment RWA Saving	Investment Portfolio Realignment RWA Saving	Credit Guarantees RWA Saving	Investment Portfolio Realignment RWA Saving
	FID Portfolio Realignment RWA Saving	FID Portfolio Realignment RWA Saving	Interbank Placements Repositioning RWA Saving	Enhance Collateral RWA Saving	Credit Guarantees RWA Saving
		Credit Guarantees RWA Saving	Credit Guarantees RWA Saving		Enhance Collaterals RWA Saving
		Enhance Collaterals RWA Saving	Enhance Operation Risk RWA Saving		

WITH STABLE BALANCE SHEET GROWTH TRENDS, WHILE MANAGING TO REDUCE RWAs LEVELS... ..

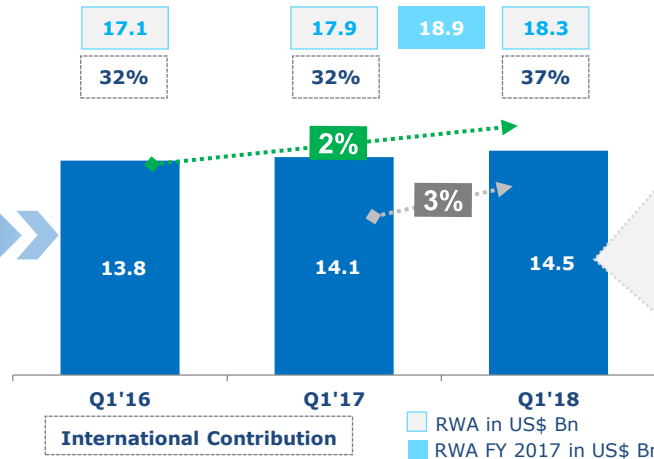
Asset Mix

Stable asset mix driven by loans...

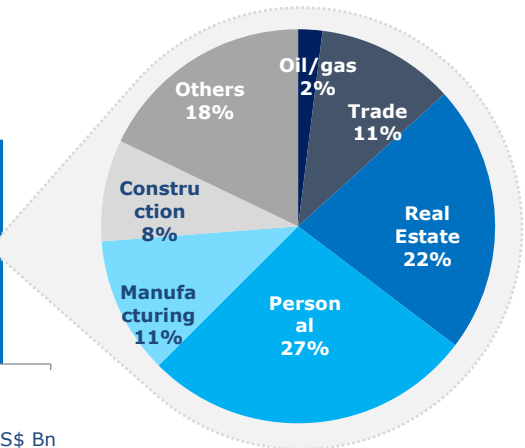


Customers Loans | USD bn,%

Loans grew 3% year on year supported by international operations

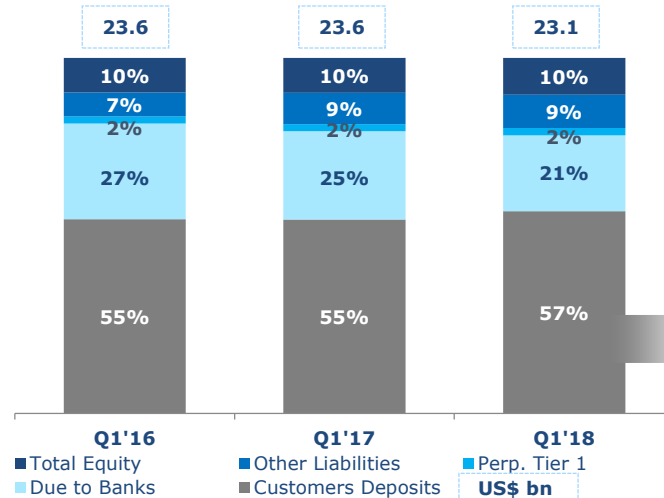


Customers Loans by Sector | Q1'18



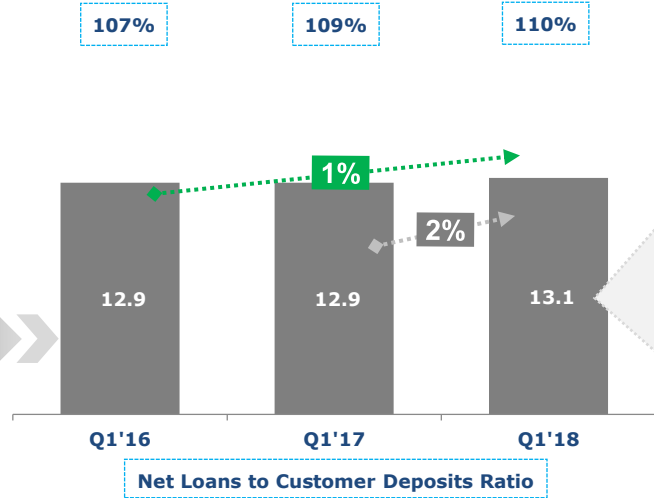
Funding Mix

Funding mix focusing on customer deposits...

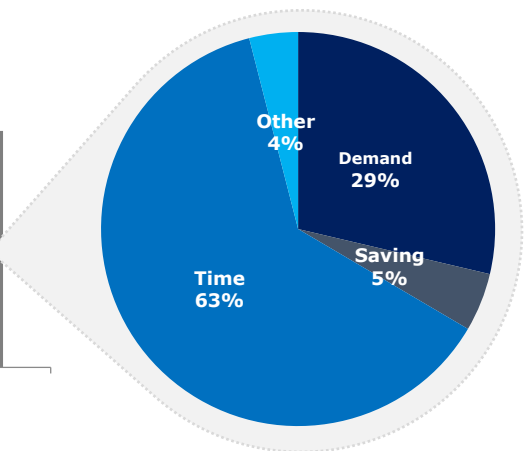


Customers Deposits | USD bn,%

... with deposits growing at 2% year on year



Customers Deposits by Type | Q1'18



THE 4 SUBSIDIARIES GROWING PRUDENTLY WITH EXCEPTION TO IRAQ...

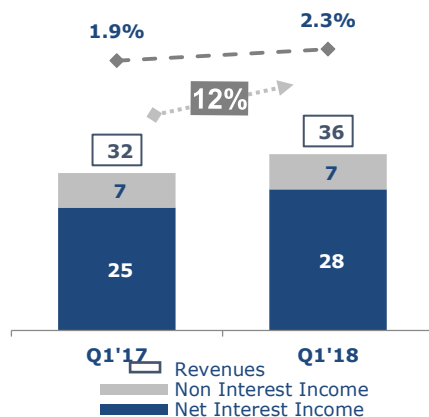


■ Q1'18 Growth in Local Currency ■ Q1'18 Contribution ■ Q1'18 Figures ■ Q1'17 Figures 9

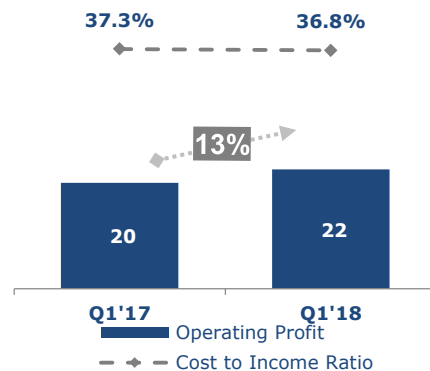
(1) Based on CBK reporting and Kuwait CAR is for the Group. Note: Subsidiaries figures before consolidation adjustments.

BURGAN BANK KUWAIT REPORTING ATTRACTIVE RETURNS DESPITE SLOW MARKET GROWTH...

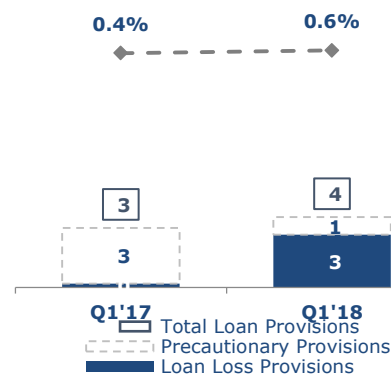
Revenues & Margins⁽¹⁾ | KD mn,%



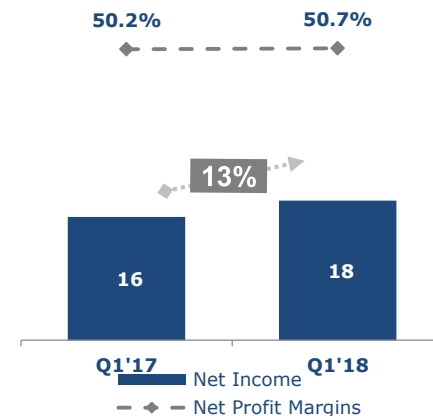
Operating Profit & Efficiencies | KD mn,%



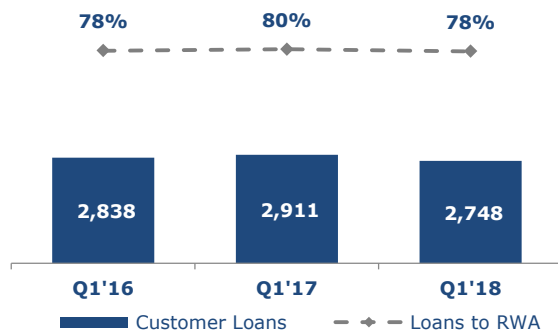
Cost of Credit | KD mn,%



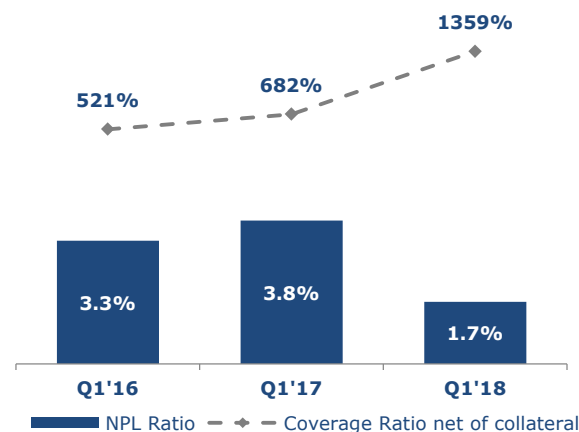
Earnings | KD mn,%



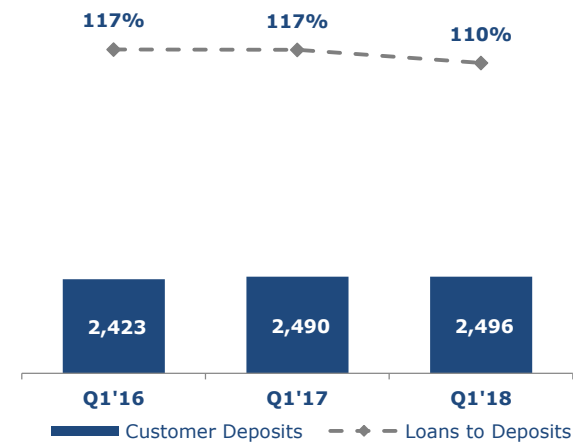
Customer Loans | KD bn,%



Asset Quality | %



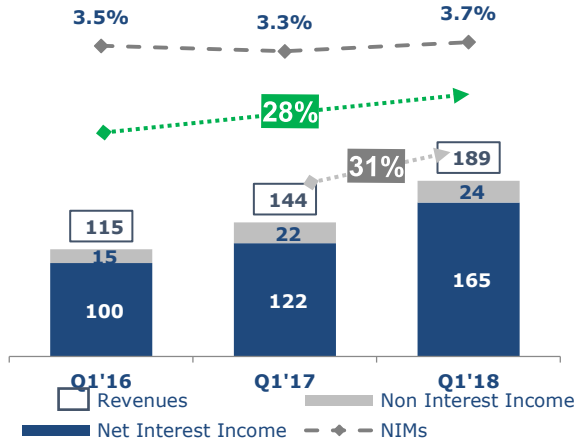
Customer Deposits | KD bn,%



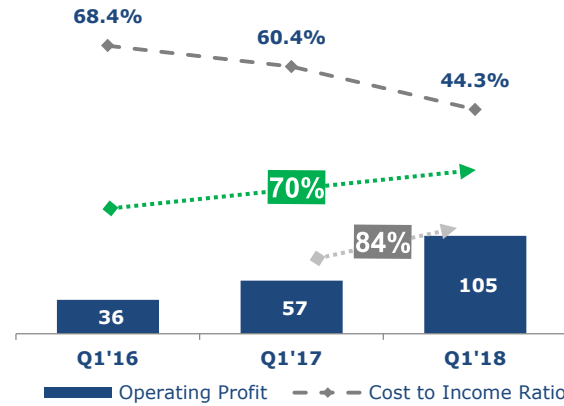
(1) NIM's based on EOP Interest Earning Assets.
Note: figures before consolidation adjustments.

BURGAN BANK TURKEY ON THE RIGHT TRAJECTORY WITH AMPLE GROWTH PROSPECTS AND CAPACITY...

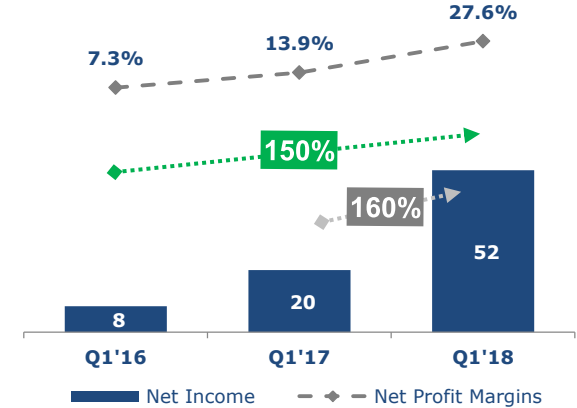
Revenues & Margins⁽¹⁾ | TRY mn,%



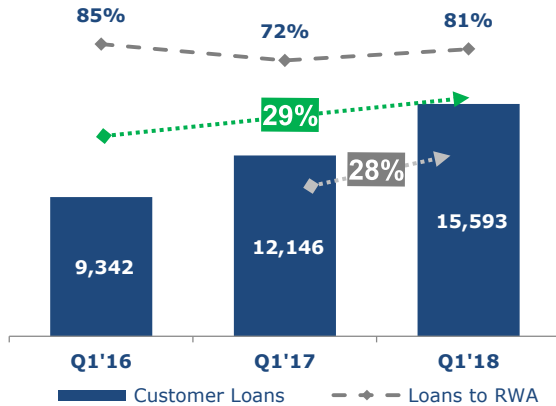
Operating Profit & Efficiencies | TRY mn,%



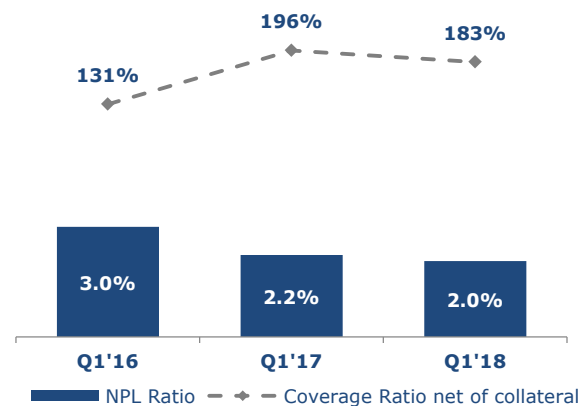
Earnings⁽²⁾ | TRY mn,%



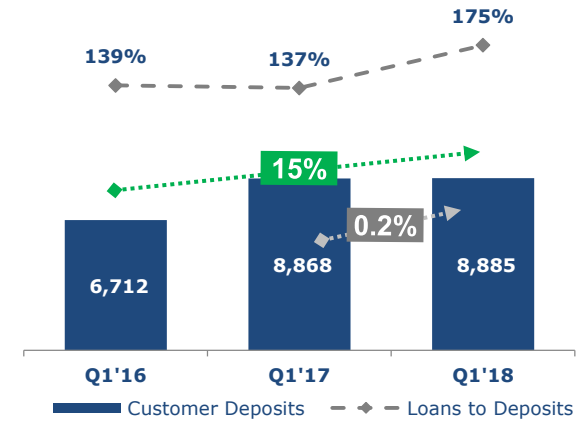
Customer Loans | TRY bn,%



Asset Quality | %



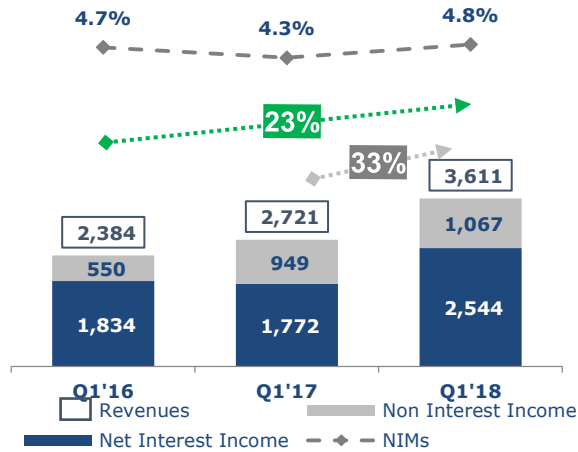
Customer Deposits | TRY bn,%



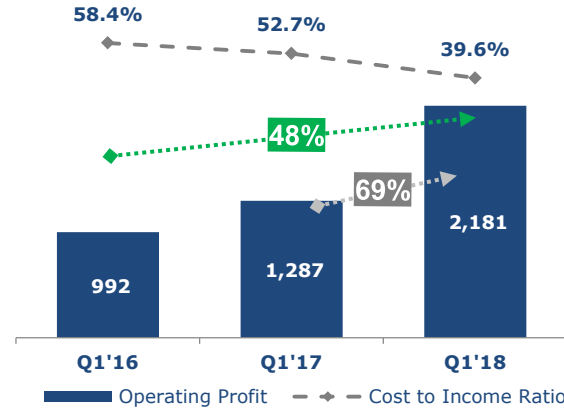
(1) NIM's based on EOP Interest Earning Assets; (2) Net Income attributed to equity holders.
Note: figures before consolidation adjustments.

GULF BANK ALGERIA ADJUSTED TO NEW REGULATIONS AND WELL POSITIONED TO UNLOCK GROWTH POTENTIAL...

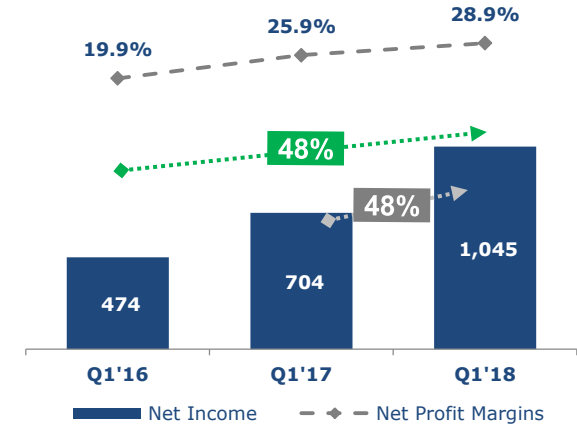
Revenues & Margins⁽¹⁾ | DZD mn,%



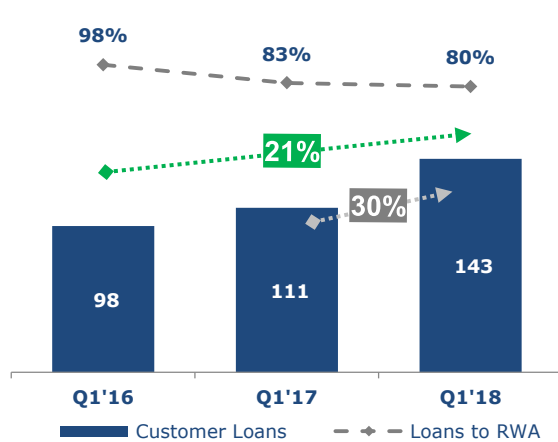
Operating Profit & Efficiencies | DZD mn,%



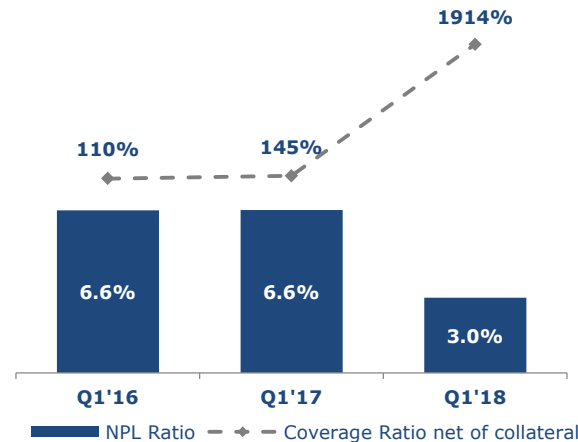
Earnings⁽²⁾ | DZD mn,%



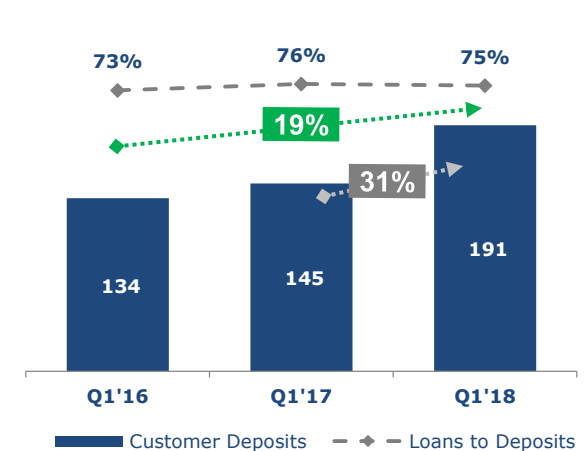
Customer Loans | DZD bn,%



Asset Quality | %



Customer Deposits | DZD bn,%













(1) NIM's based on EOP Interest Earning Assets; (2) Net Income attributed to equity holders.
Note: figures before consolidation adjustments.

MARKET POSITIONING



BURGAN BANK STILL HAS COMPETITIVE METRICS AMONGST PEERS, WHICH HAS AMPLE CAPITAL...

Q1'18	Total Assets US\$ mn	Customer Loans US\$ mn	Shareholders Equity US\$ mn	Revenues US\$ mn	Operating Profits US\$ mn	Net Income ⁽¹⁾ US\$ mn
	23,100	14,479	2,225	202	109	59
Rankings	#2	#2	#3	#2	#2	#2
	89,355	49,500	9,717	712	497	302
	19,037	12,745	1,953	161	109	36
	14,315	7,152	2,263	125	89	34
	14,905	10,163	1,873	133	81	35

Q1'18	Customer Loans YoY Growth %	Revenues YoY Growth %	Net Income ⁽¹⁾ YoY Growth %	JAW's %	COC %	ROTE % ⁽¹⁾
	+3%	+10%	+20%	3.8%	0.9%	11.7%
Rankings	#3	#2	#3	#2	#1	#2
	+7% +6% ⁽²⁾	+11% +10%	+12%	4.3%	1.1%	15.6%
	+15%	+10%	+18%	1.3%	2.3%	7.4%
	(2%)	(3%)	+1189%	(9.7%)	3.0%	6.3%
	+1%	+6%	+20%	(1.4%)	1.8%	7.2%

(1) Net Income attributed to equity holders after AT1 cost; (2) NBK growth figures excluding Boubyan Bank(Islamic Banking).

Source: Companies Financials and Bloomberg database.

SUMMARY



1

SOLID QUARTER PERFORMANCE
AND RESILIENT BUSINESS MODEL

2

CAPITAL OPTIMIZATION PLAN ACHIEVED
OBJECTIVES AND MAINTAINED DELIVERY OF
DOUBLE DIGIT RETURNS

3

BURGAN BANK IS READY TO NEXT WAVE OF
GROWTH

THANK YOU



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INVESTOR RELATIONS

Contact details below for any enquiries related to Burgan Bank and Subsidiaries;

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Phone: +965 2298 8852

Foreign Exchange Rates

KWD:US\$ End Period: (Q1'18) 3.336, (Q4'17) 3.314, (Q3'17) 3.310, (Q2'17) 3.300, (Q1'17) 3.281.

KWD:US\$ Average: (Q1'18) 3.336, (Q4'17) 3.314, (Q3'17) 3.310, (Q2'17) 3.300, (Q1'17) 3.278.