



Burgan Bank A.Ş. Turkey (BBT)

**September 2021 Presentation
(BRSA Consolidated)**

Burgan Bank K.P.S.C.

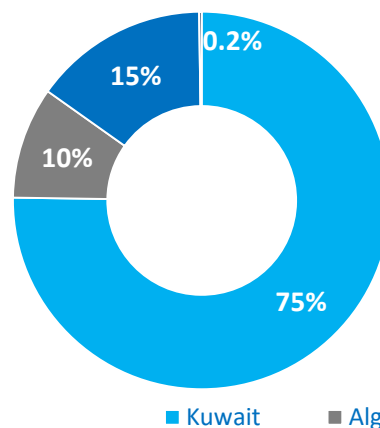
Sound and Consistent Financial Performance

- One of the leading financial institutions with a strong presence in the MENA region as a subsidiary of KIPCO (Kuwait Projects Company)
- Listed on Kuwait Stock Exchange with a market cap of US\$ 2.1 billion⁽¹⁾
- Has a strong domestic franchise with 14.3% market share⁽²⁾ of assets amongst Kuwait Conventional Banks
- International presence with its subsidiary/group banks in different regions:
 - Turkey – Burgan Bank A.S.
 - Algeria – Algeria Gulf Bank
 - Tunisia – Tunis International Bank
 - Iraq – Bank of Baghdad⁽³⁾

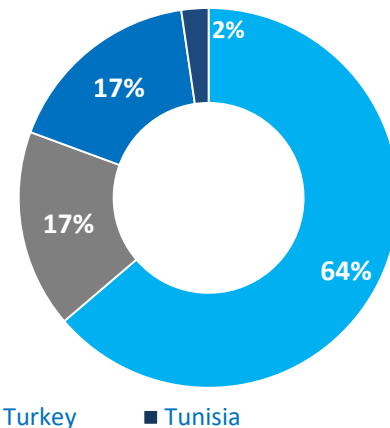
Ratings	Bank ⁽⁴⁾	Sovereign
Moody's	Baa1	A1
S&P	BBB+	A+
Fitch	A+	AA

Financial Performance	YTD 9M 2021
Revenue in US\$ million	552.8
Net Profit in US\$ million ⁽⁵⁾	133.6
Cost to Income Ratio	42.1%
Gross Loans to Cust. Deposits	105.5%
Liquidity Ratio ⁽⁶⁾	17.9%
NPA Ratio	3.8%
NPA net of Collateral Ratio	1.1%

Loans by Operations⁽³⁾



Revenues by Operations⁽³⁾



- International operations⁽³⁾ contributing 25% in Loans and 36% in Revenues
- Burgan Bank, Turkey is one of the key contributor among Burgan Subsidiary Banks in loans share as well as revenue generation

(1) Closing market capitalization on 30 September 2021 in Boursa Kuwait;
 (2) Market share as on 30 September 2021;
 (3) Excludes consol. adjt and BoB's contribution. BOB's exposure were classified as Held for Sale Investment;
 (4) Based on latest Rating Reports; Moody's: 25th August 2021; S&P : 26th July 2021; Fitch: 19th April 2021;
 (5) Net Income attributed to equity holders;
 (6) Liquidity ratio has been computed as (Cash and cash equivalents + Treasury Bills and Bonds with CBK and others + Due from banks and OFI's)/ Total assets

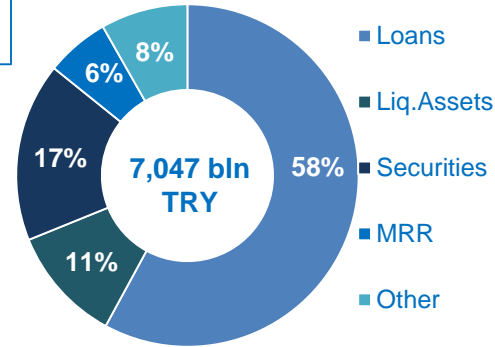
Operating Environment Turkish Banking Sector

Number of Banks: 55 (Including 6 Participation Banks)

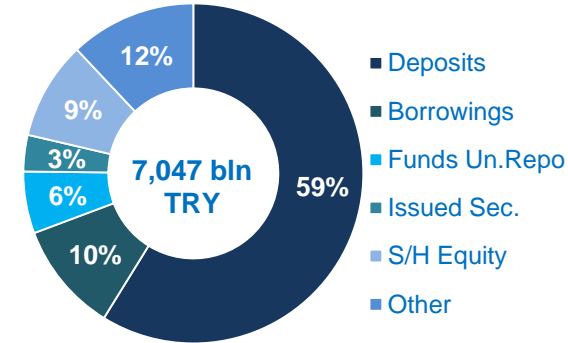
➤ Number of Depository Banks: 34

Growth (billionTRY)	Q32020	2020	Q32021	YTD
Total Assets	6,004	6,106	7,047	15.4%
Total Deposits	3,452	3,464	4,124	19.0%
Total Loans,net	3,611	3,617	4,082	12.9%
Net Profit	46.3	58.5	57.0	29.9%

Total Assets



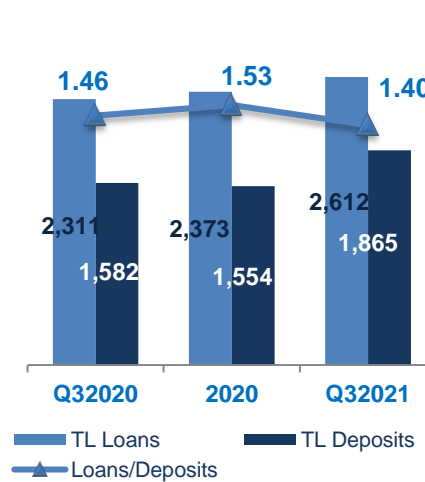
Total Liabilities



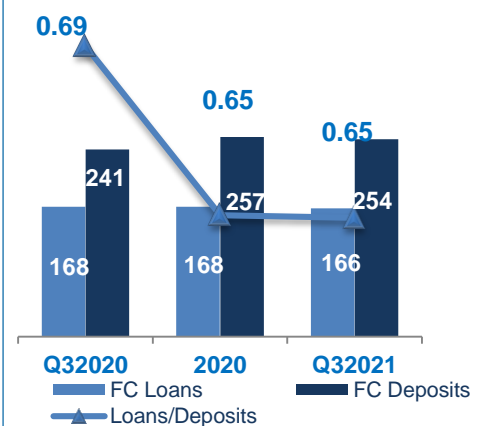
Key B/S Ratios(%)	Q32020	2020	Q32021
ROA	1.2%	1.1%	1.2%
ROE	11.6%	10.7%	12.2%
NPL	4.0%	4.0%	3.5%
CAR	19.4%	18.7%	17.3%
NIM	4.8%	4.5%	3.6%
Coverage	74.2%	74.9%	78.1%
Loan/Deposit	105.8%	105.7%	100.5%

Million TRY&USD

TL Loans & TL Deposits



FC Loans & FC Deposits (in USD)

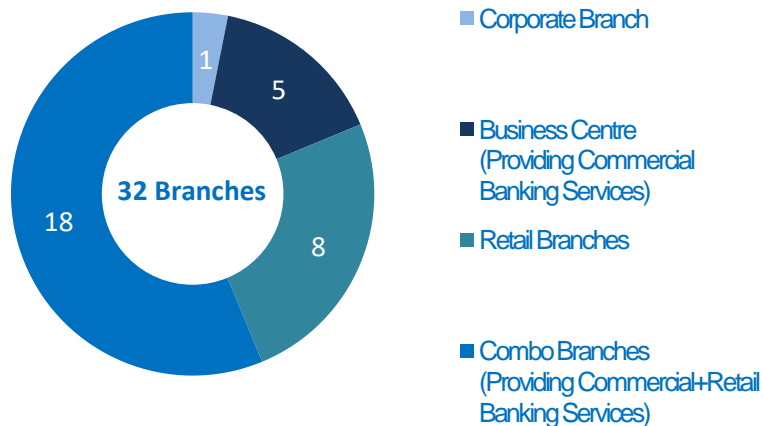


Source: BRSA

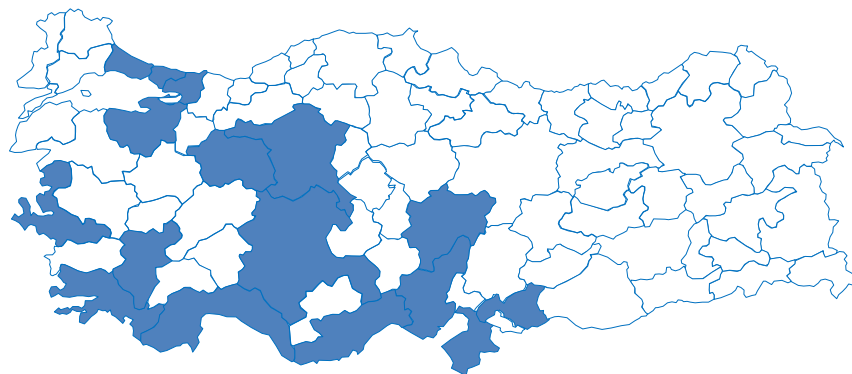
Burgan Bank A.Ş. At a Glance

- Incorporated in 1989 as Tekfen Yatırım Bankası AŞ
- Became a Burgan Group member as of December 2012. Burgan Bank K.P.S.C. acquired **99.41%** of its shares.
- Enables better service and strengthens client relationships through its subsidiaries:
 - **Burgan Leasing**
 - **Burgan Securities**
- Rated by :
 - **Fitch Ratings (05.10.2021)**
Long Term Global Foreign Currency : B+
Outlook : Stable

Segment-wise Branch Distribution



- 32 Branches across 14 cities where 78% of loans&deposits of the whole sector are held.



2021 Achievements

Growth

- YTD total asset size increased by 14.9%.(banking sector : 15.4%)
- YTD the loan book(net) increased by 5.4%. (banking sector : 12.9%)

Funding

- Diversification of funding sources continued;
 - **USD 240mn** new funding generation from the international markets.
 - Sound customer deposit base, deposits account for 61% of total liabilities

Capital

- Well positioned Capital Base with a CAR of **18.7%**, Tier 1 Ratio of **10.4%** (all sub-debt from parent) and CET1 Ratio of **8.6%**.
- In August, the subloan(200 million USD) was renewed and the maturity was extended to 2031.

Profitability

- Net profit is 122 million TRY.
111.4 million TRY higher than the same period of the previous year.

Others

- Continuous investment in Human Capital and Technology;
- As of May 1st, 2021 in accordance with the new regulation of the BRSA, all the Banks in Turkey will be allowed to acquire customer via video call. So as a part of digital transformation the new process has been designed, developed accordingly and has been launched on 4th of May 2021.
 - Success in digital channel customer acquisition
 - The new digital brand «ON» was launched on 12.10.2021.

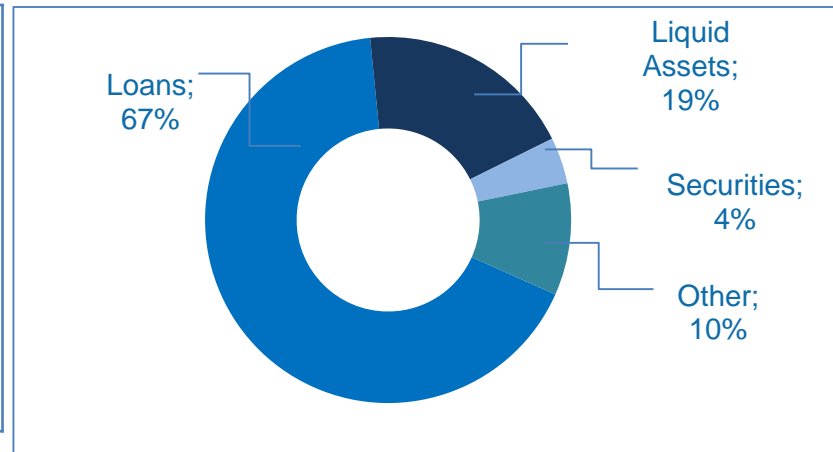
Performance Trends

Balance Sheet Growth

Balance Sheet (million TRY)

	Q32020	2020	Q32021	YTD	YOY
Total Assets	27,464	26,477	30,409	14.9%	10.7%
Loans(*)	19,027	19,275	20,323	5.4%	6.8%
Securities	979	1,010	1,250	23.7%	27.7%
Deposits	14,510	13,847	18,426	33.1%	27.0%
Borrowings	6,952	6,659	5,407	-18.8%	-22.2%
Sub- Loan(***)	2,340	2,229	2,230	0.0%	-4.7%
Shareholders' Equity	1,947	1,670	2,192	31.2%	12.5%

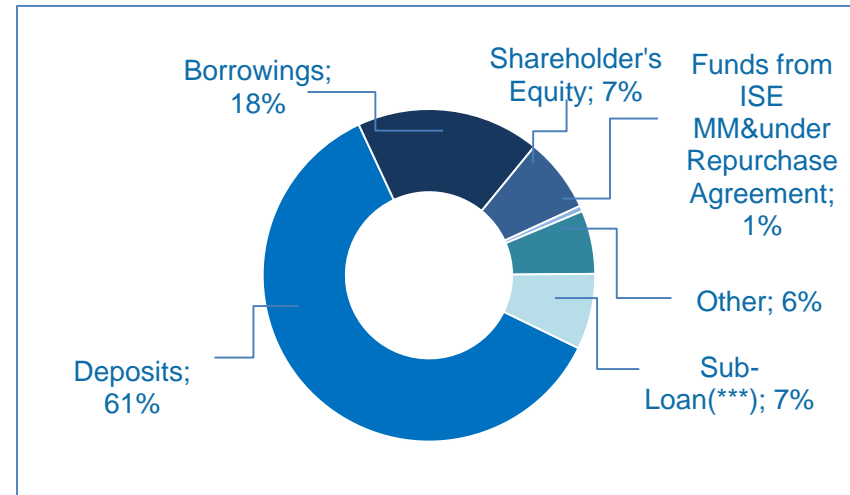
Total Assets – 30.09.2021



Balance Sheet Ratios

	Q32020	2020	Q32021
Loans / Assets	69%	73%	67%
Loans / Deposits	131%	139%	110%
Loans / Deposits (Bank only)	108%	116%	94%
Loans / Deposits(**)	95%	99%	87%
ROE	1%	-15%	8%

Total Liabilities – 30.09.2021



(*)Factoring and Leasing Receivables Included

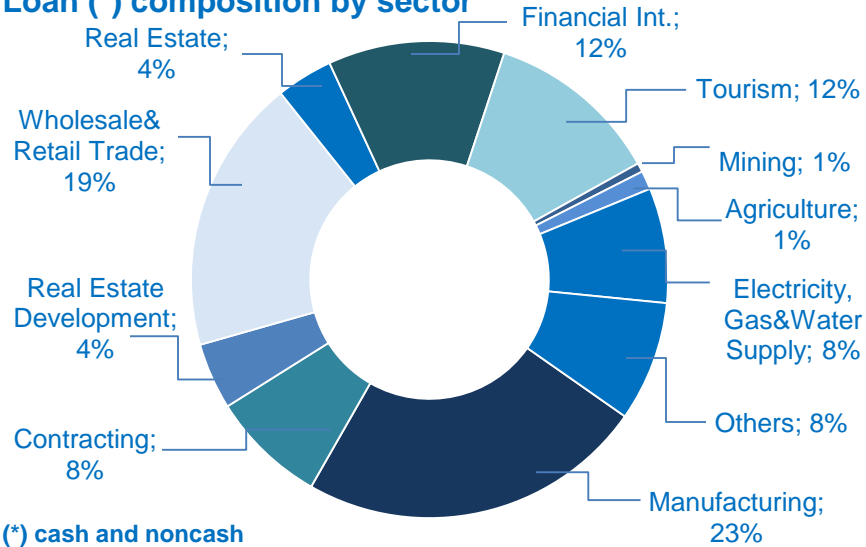
(**)Burgan Group borrowings and sub-loan included

(***)Burgan Group funding

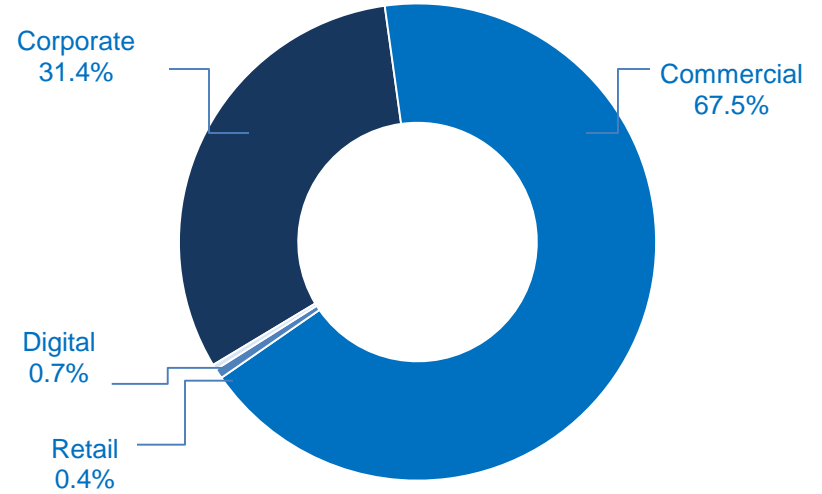
Loan Growth

Commercial and Corporate Loans – the biggest contributor

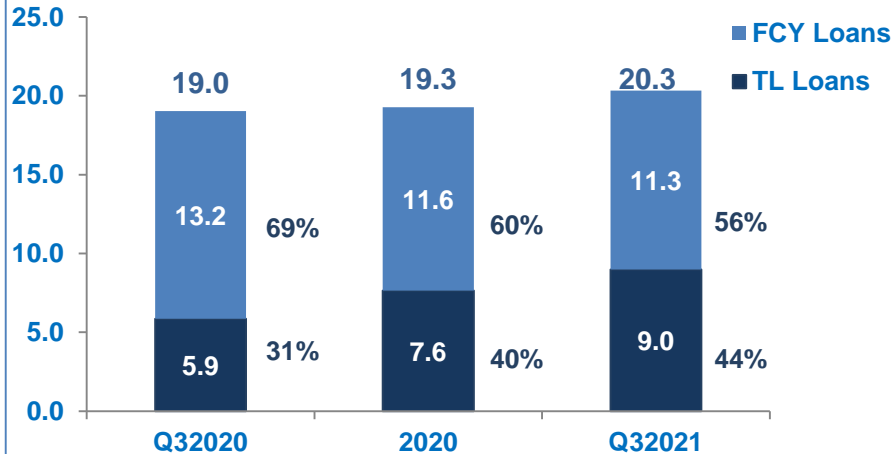
Loan (*) composition by sector



Loan composition by customer segment

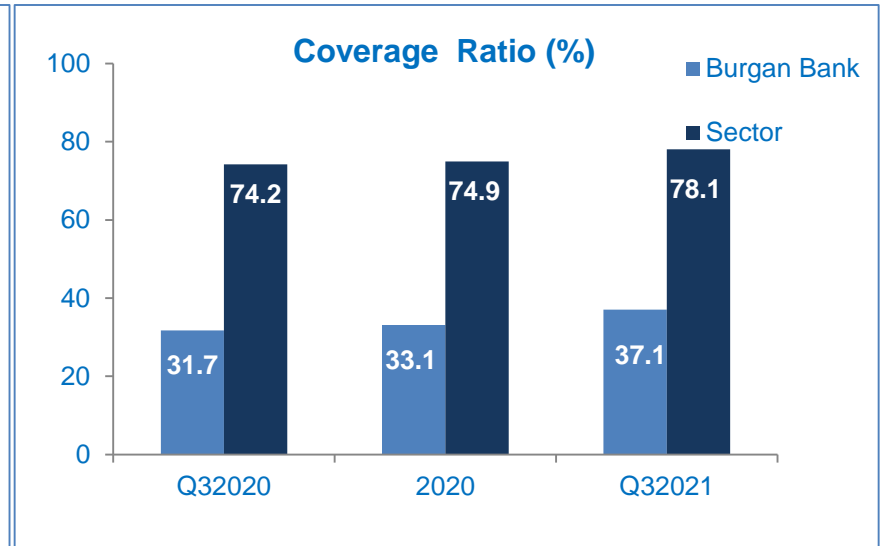
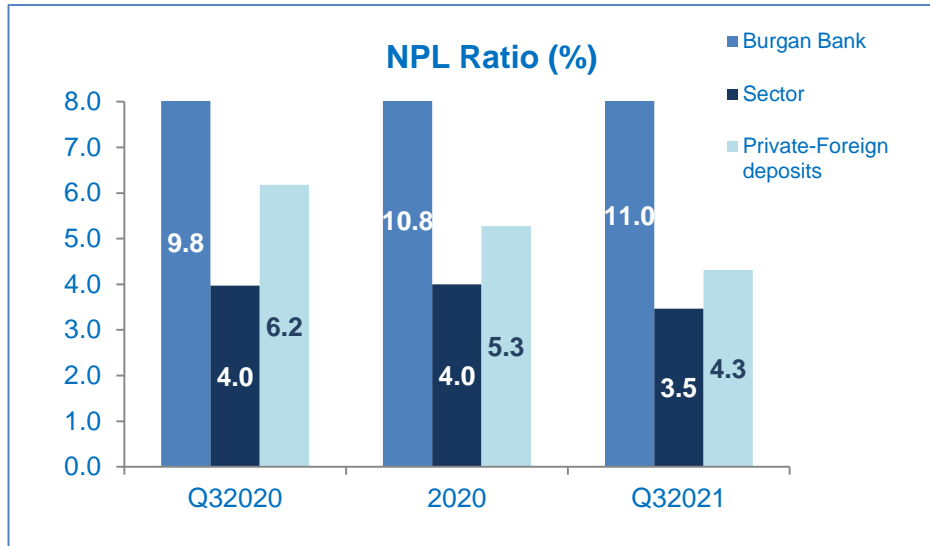


Loan Growth (billion TRY)



Asset Quality

NPL ratio



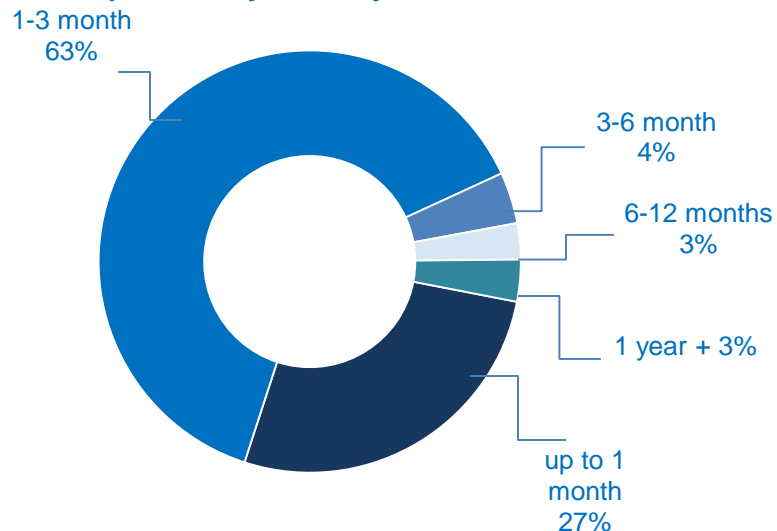
	Q32020	2020	Q32021
Gross Loans (million TRY)	20,485	20,803	22,190
NPL's (million TRY)	2,013	2,248	2,448
NPL Ratio	9.8	10.8	11
NPL coverage	31.7%	33.1%	37.1%
Total coverage (*)	72.5%	68.0%	76.4%

- Provisioning is in line with BRSA rules and regulations.
- Coverage ratio is below sector average due to the collateral structure of the Loan portfolio.
- With 195 million TRY free provision included, coverage ratio is 84.3%.

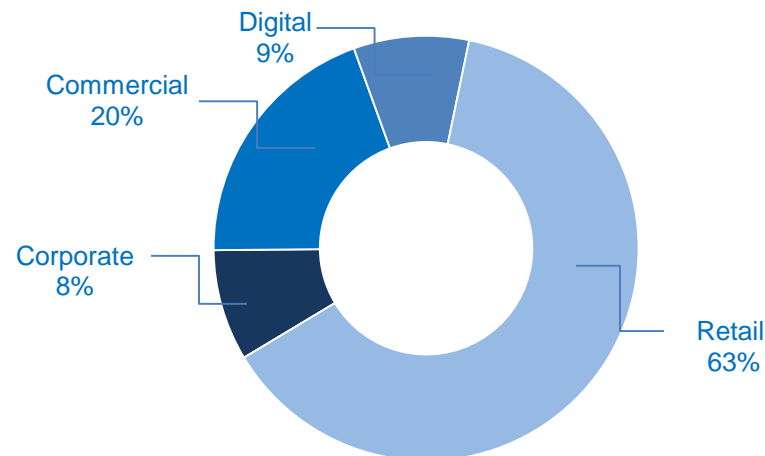
(*) Including stage1, stage2 and stage3 for cash loans provisions

Deposits are the Main Funding Source

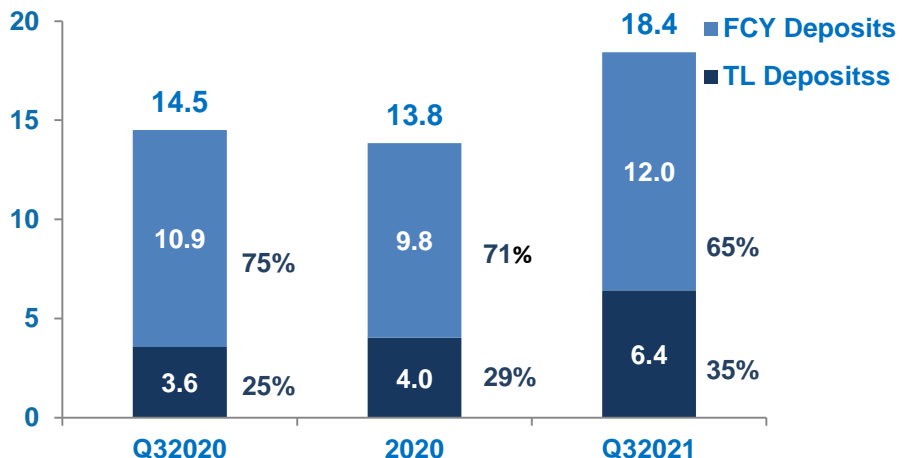
Deposit composition by maturity



Deposit composition by customer segment



Deposit Growth(billion TRY)



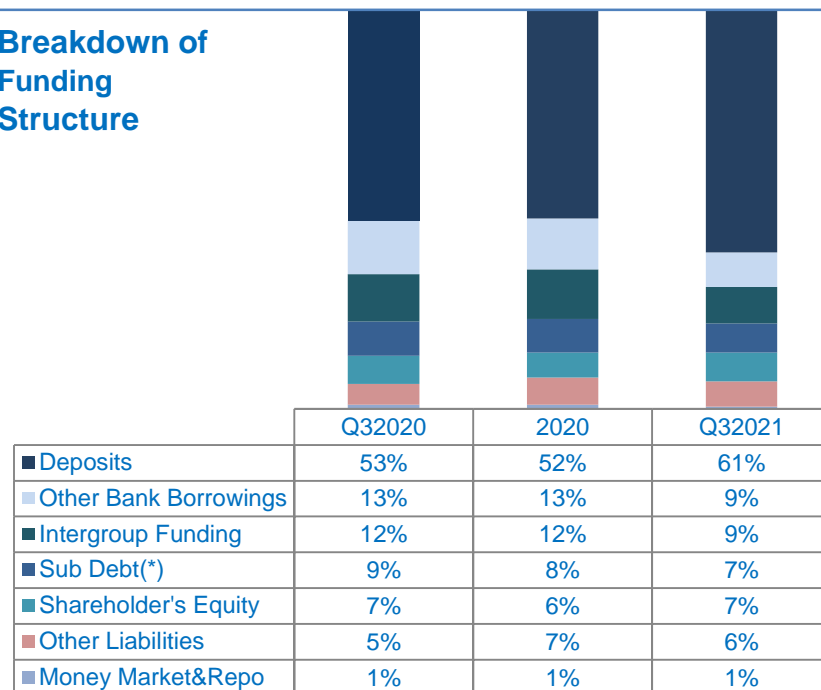
- **Retail deposits** continue to be the major contributor in the deposit composition.
- YTD total Deposits increased by **33.1%**(fx adjusted **21.1%**)
Deposit growth in the Banking sector is **19.0%** (fx adjusted **8.0%**).
- **Digital banking deposits** contribution has reached to **8.8%**.
- The Total of Top 20 deposits receives a share of **18.1%** (2020-13.4%) out of Total Deposits.

Solid Funding Base with strong support from Parent

Funding structure (million TRY)

	Q32020	2020	Q32021	YTD	YOY
Deposits	14,510	13,847	18,426	33.1%	27.0%
Borrowings	6,952	6,659	5,407	-18.8%	-22.2%
Intergroup Funding	3,271	3,297	2,784	-15.6%	-14.9%
Other Bank Borrowings	3,636	3,284	2,571	-21.7%	-29.3%
Eximbank	45	77	52	-32.2%	15.5%
Sub Debt(*)	2,340	2,229	2,230	0.0%	-4.7%
Money Market&Repo	289	274	167	-39.1%	-42.4%
Other Liabilities	1,425	1,799	1,988	10.5%	39.6%
Shareholder's Equity	1,947	1,670	2,192	31.2%	12.5%

Breakdown of Funding Structure



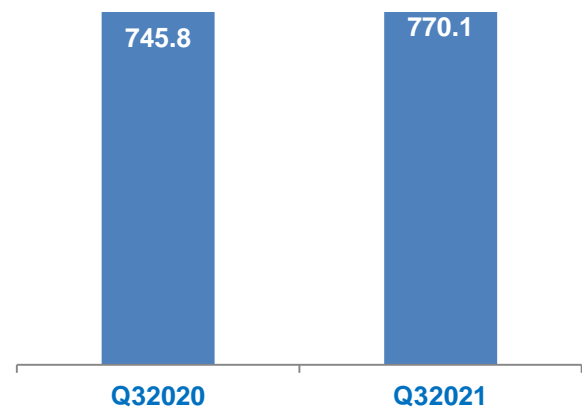
- Burgan Bank K.P.S.C. continues with a balance of **565 mio USD** in intergroup funding including sub-debt.
- Third party funding sources continues through strong cooperation with Correspondent Banks.

(*) Burgan group

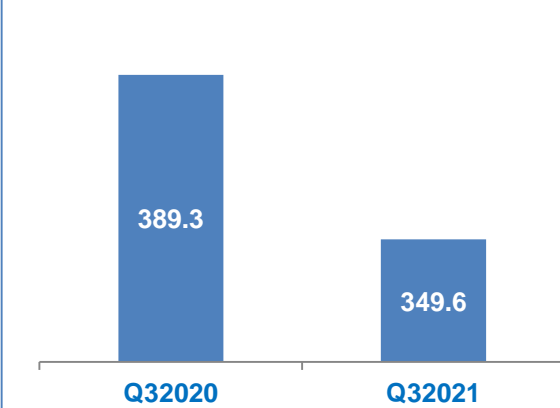
Total revenue and operating income increased with the high non interest income effect

(million TRY)	Q32020	Q32021	YOY
Total Interest Income	1,382	1,898	37.4%
Total Interest Expense	830	1,426	71.8%
Net Interest Income	552	472	-14.4%
Total Revenues	746	770	3.3%
Total Operating Expenses	356	420	18.0%
Operating Income	389	350	-10.2%
Provision	378	209	-44.9%
Net Profit	10	122	1090.2%

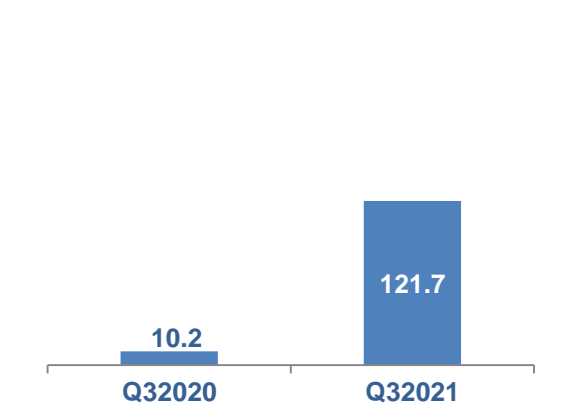
Revenues (million TRY)



Operating Income (million TRY)



Net Profit (million TRY)



Strong Capitalization

	Q32020	2020	Q32021
Shareholder's Equity (million TRY)	1,947	1,670	2,192
Capital Base Inc. Sub-Debt (million TRY)	4,034	3,712	4,651
CAR Ratio (%)	21.1	16.6	18.7
Tier 1 Ratio (%)	10.3	9.1	10.4

- CAR and Tier 1 ratios consistently well above minimum requirements of 12% and 8.5%, respectively.
- In Q1 2021, a sub-loan of USD 50 million was converted into perpetual ("0" interest) and TRY 355 million was realized as capital injection.

Outlook for 2021

Growth

- Continue lending activity on selective base;
 - Focusing on collateralized loans
 - Decreasing concentration and increasing spreads
 - Retail deposits will increase through new alternative channels & digital banking

Profitability

- Focus on NIM
- Focus on efficiency and cost control initiatives
- Increase cross sale (insurance, treasury sales etc.) to optimize

Human Capital

- Invest in human capital through Employee Value Proposition programme
- Emphasis on corporate culture and values
- Investment in management trainee programme

Funding

- Continue efforts to diversify funding base
- Enhance the funding lines with counter parties
- Focus on digital banking for a well-diversified customer base

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Thank you

