



Burgan Bank A.Ş. Turkey (BBT)

**June 2022 Presentation
(BRSA Consolidated)**

Operating Environment

Macroeconomic Outlook – Turkiye

Ratings	Fitch	Moody's	S&P
Long Term FC Rating	B	B3	B+
Outlook	Negative	Stable	Negative

Key Indicators	2020	2021	2022F(*)
Nominal GDP (USD bn)	717	803	825
Population (mn, mid-year)	83.4	84.4	85.4
GDP per capita (USD)	8,599	9,539	9,750
Real GDP (% change)	1.8	11.0	4.3
CPI Inflation (year-end)	14.6	36.1	75.0
Gen. Gov. Budget Bal. / GDP	-3.4	-2.7	-3.5
Gov. Debt / GDP	39.8	42.0	43.5
Current Account Bal. / GDP	-5.1	-1.9	-5.5
Forex Reserves (USD bn)	93.2	111.0	95.0
Trade Balance (USD bn)	-49.9	-45.8	-95.0
Export (USD bn)	169.6	225.5	260.0
Imports (USD bn)	219.5	271.3	355.0

(*) Source: Burgan Bank Macroeconomic Research

Recent Developments

Turkish economy is projected to grow by 4.3% in 2022 on the back strong growth in 1H22 followed by a slowdown 2H22 amid tighter global financial conditions. Industrial output growth has been solid in 1H22, though leading indicators signal a weaker outlook for the second half of the year.

Monetary policy continues to be exceptionally accommodative. The Central Bank of Turkey maintains the policy rate at 14% since September 2011 despite consecutively climbing inflation.

Annual consumer and producer inflation rate have surged to 80% and 145% as of July, respectively. Sharp rise in commodity prices in 1Q22, particularly energy and food, have added pressure on the already-deteriorated inflation outlook.

Despite rapidly recovering tourism revenues and sound export performance, C/A deficit has widened tremendously to US\$32bn in 1H22, driven mainly by higher energy prices and rising energy imports. C/A deficit is projected to exceed 5.5% of GDP in 2022, up from 1.7% in 2021.

Turkish Lira has weakened by 35% against the USD and 27% against the currency basket in the first eight months of 2022, on top of 72% depreciation in 2021 and 30% depreciation in 2020.

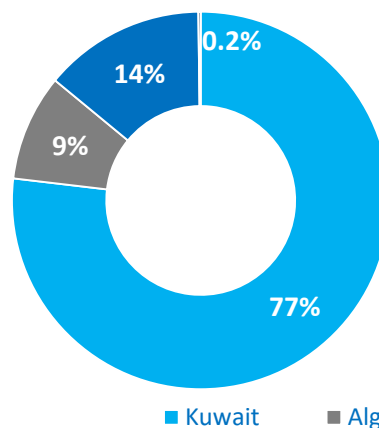
The government employs a 'Liraization' strategy through the 'FX-protected Deposit Scheme' in a bid to stabilize the currency. 'FX-protected deposits' reached USD65.5bn in August, corresponding 36% of TL deposits and 15% of total deposits.

- 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\$ 2.6 billion⁽¹⁾
- Has a strong domestic franchise with 14.7% 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⁾

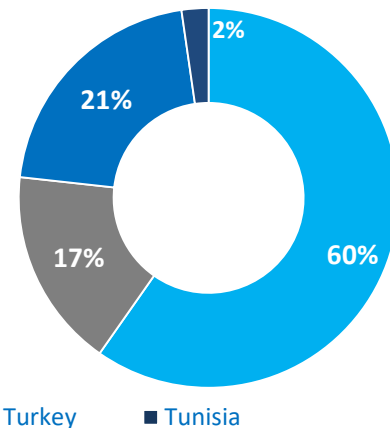
Ratings ⁽⁵⁾	Bank	Sovereign
Moody's	Baa1	A1
S&P	BBB+	A+
Fitch	A	AA-

Financial Performance	H1-2022
Revenue in US\$ million	362.2
Net Profit in US\$ million ⁽⁶⁾	89.4
Cost to Income Ratio	44.4%
Gross Loans to Cust. Deposits	104.6%
Liquidity Ratio ⁽⁷⁾	22.8%
NPA Ratio	2.3%
NPA net of Collateral Ratio	0.6%

Loans by Operations⁽⁴⁾



Revenues by Operations⁽⁴⁾



- International operations⁽³⁾ contributing 23% in Loans and 40% in Revenues
- Burgan Bank, Turkey is one of the key contributor among Burgan Subsidiary Banks in loans share as well as revenue generation

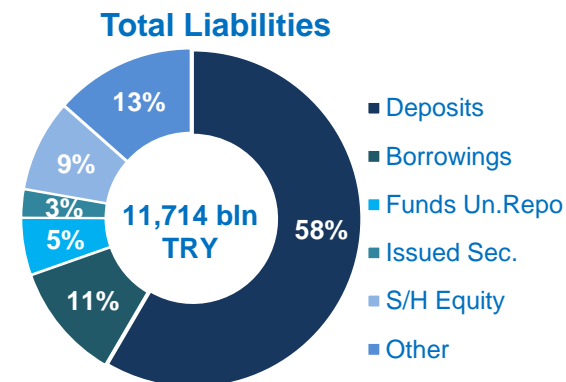
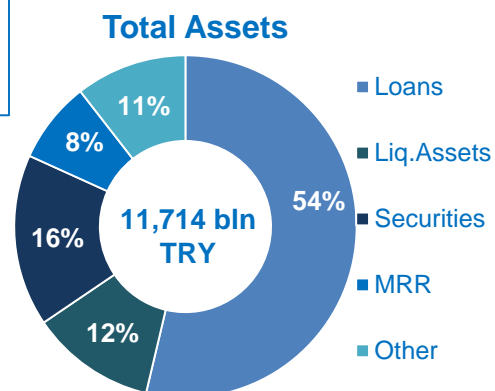
(1) Closing market capitalization on 30th June 2022 in Bursa Kuwait;
 (2) Market Share as on 30th June 2022;
 (3) BOB's exposure has been classified as Held for Sale investment;
 (4) Excludes consol. adjt and BoB's contribution;
 (5) Credit Ratings as on 30th June 2022;
 (6) Net Income attributed to equity holders;
 (7) 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: 57 (Including 6 Participation Banks)

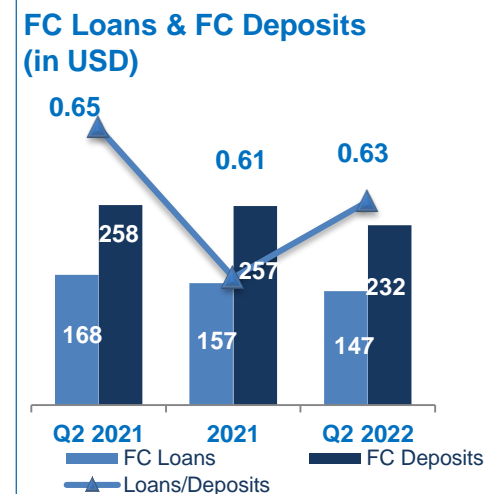
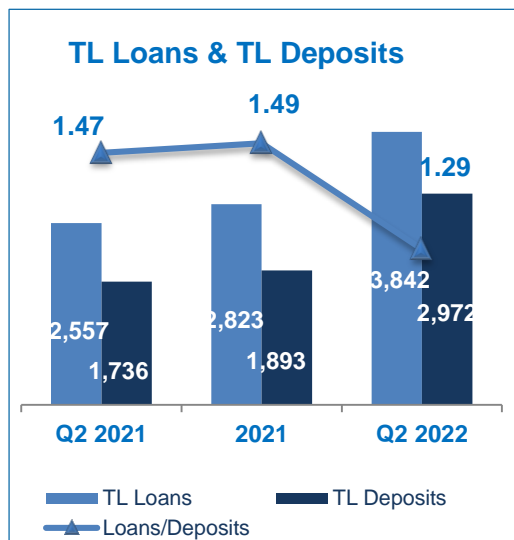
➤ Number of Depository Banks: 35

Growth (billionTRY)	Q2 2021	2021	Q2 2022	YTD
Total Assets	6,730	9,213	11,714	27.1%
Total Deposits	3,886	5,318	6,843	28.7%
Total Loans,net	3,958	4,921	6,290	27.8%
Net Profit	33.8	92.1	169.1	267.4%



Key B/S Ratios(%)	Q22021	2021	Q22022
ROA	1.1%	1.3%	3.3%
ROE	11.1%	14.4%	38.7%
NPL	3.6%	3.1%	2.4%
CAR	17.7%	18.3%	18.1%
NIM	3.3%	4.2%	6.3%
Coverage	76.9%	79.7%	81.5%
Loan/Deposit	103.4%	94.4%	93.9%

Million TRY&USD

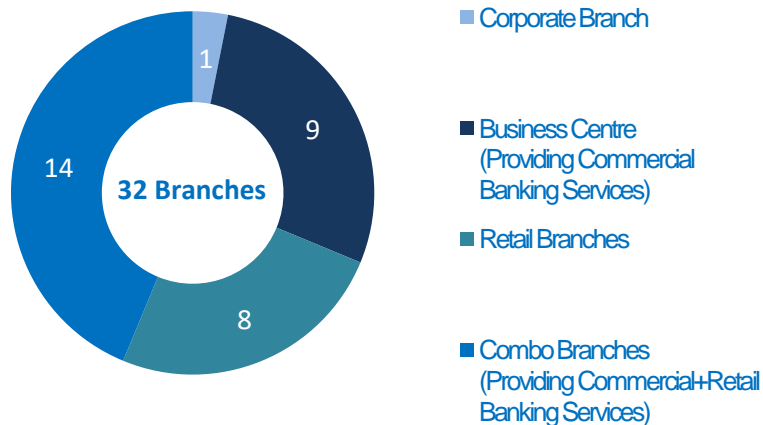


Source: BRSA

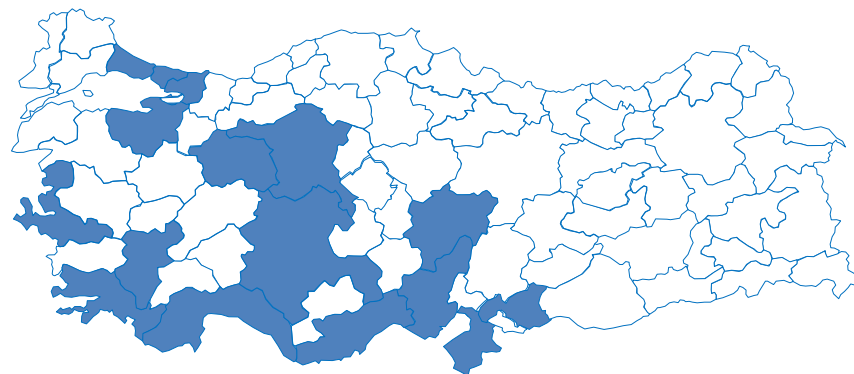
Burgan Bank A.Ş. At a Glance

- 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 (26.07.2022)**
Long Term Global Foreign Currency : B-
Outlook : Negative

Segment-wise Branch Distribution



- 32 Branches across 14 cities where 79% of loans&deposits of the whole sector are held.



2022 Achievements

Growth

- YTD total asset size increased by 26.0%. (banking sector : 27.1%)
- YTD the loan book(net) increased by 19.9%. (banking sector : 27.8%)

Funding

- Diversification of funding sources continued;
 - **USD 83mn** new funding generation from the international markets.
 - Sound customer deposit base, deposits account for 59% of total liabilities

Capital

- Well positioned Capital Base with a CAR of 19.1%, Tier 1 Ratio of 11.5% (all sub-debt from parent) and CET1 Ratio of 9.3%.

Profitability

- Net profit is 561 million TRY.
485 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 is 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.
- 70% increase in digital deposits in 2021.
- Enlarge customer base through partnerships with different sectors from automotive to retail.

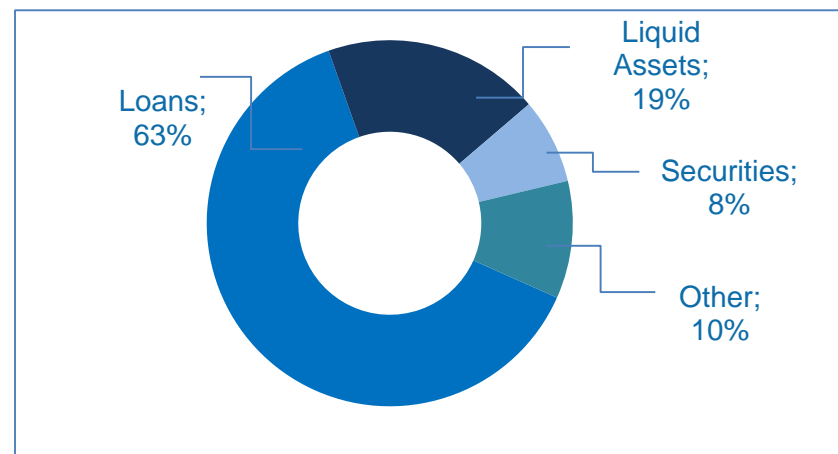
Performance Trends

Balance Sheet Growth

Balance Sheet (million TRY)

	Q22021	2021	Q22022	YTD	YOY
Total Assets	28,341	41,972	52,873	26.0%	86.6%
Loans(*)	19,945	27,770	33,295	19.9%	66.9%
Securities	1,001	1,843	3,937	113.7%	293.5%
Deposits	16,454	24,363	31,029	27.4%	88.6%
Borrowings	5,292	8,269	8,597	4.0%	62.4%
Sub- Loan(**)	2,171	3,347	3,350	0.1%	54.3%
Shareholders' Equity	2,146	2,474	4,271	72.6%	99.0%

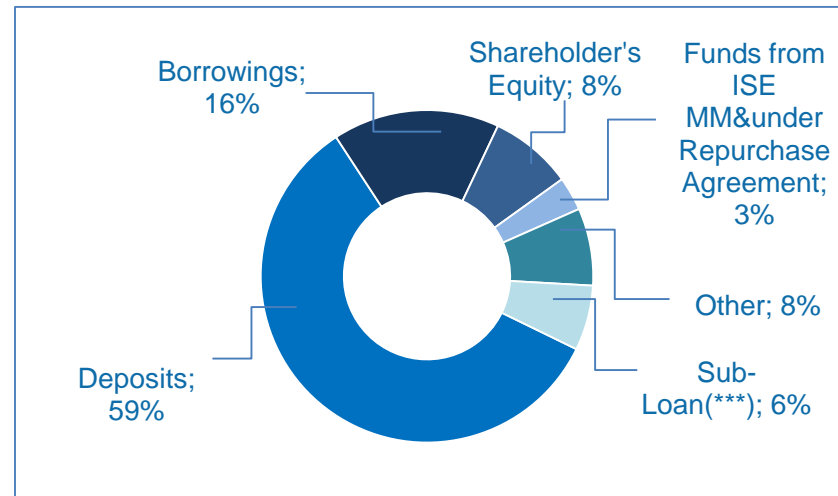
Total Assets – 30.06.2022



Balance Sheet Ratios

	Q22021	2021	Q22022
Loans / Assets	70%	66%	63%
Loans / Deposits	121%	114%	107%
Loans / Deposits (Bank only)	102%	97%	93%
Loans / Deposits(**)	93%	90%	85%
ROE	8%	15%	36%

Total Liabilities – 30.06.2022



(*)Factoring and Leasing Receivables Included

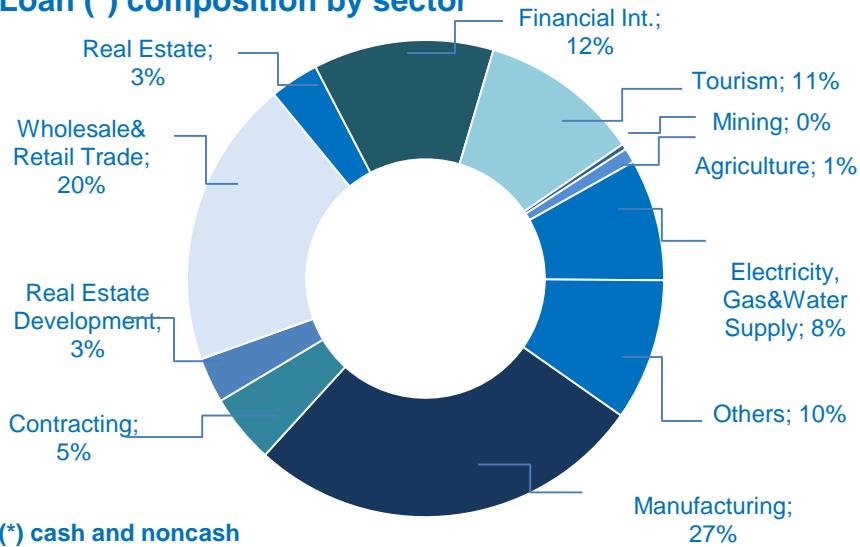
(**)Burgan Group borrowings and sub-loan included

(***)Burgan Group funding

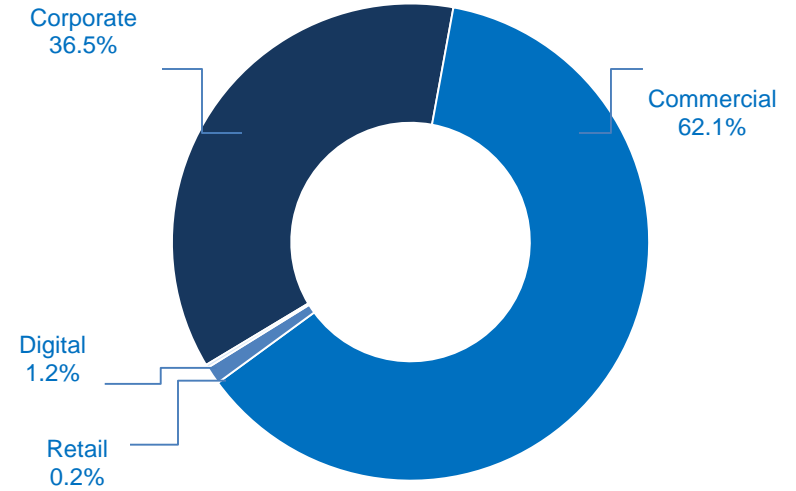
Loan Growth

Commercial and Corporate Loans – the biggest contributor

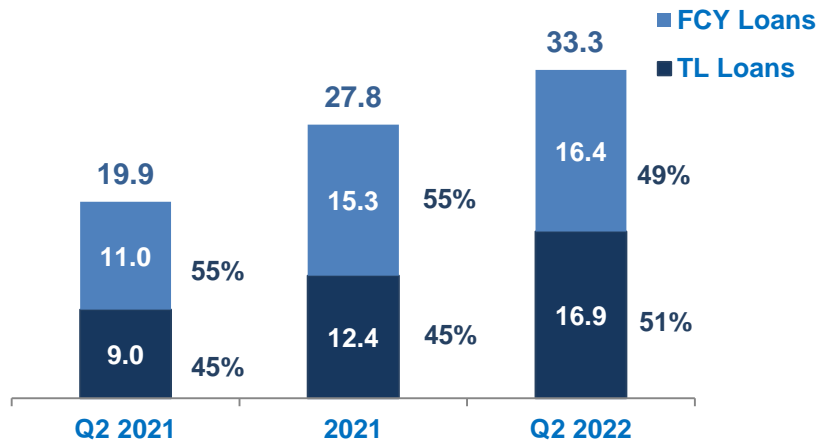
Loan (*) composition by sector



Loan composition by customer segment

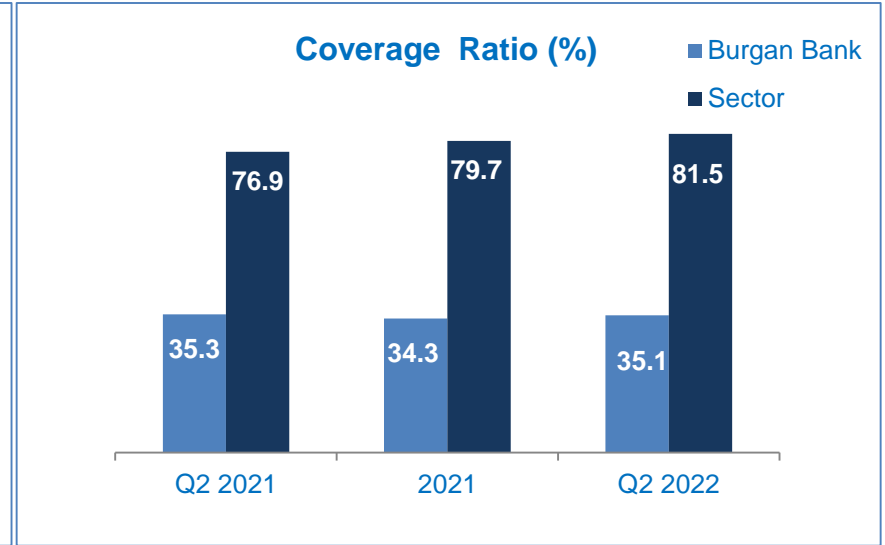
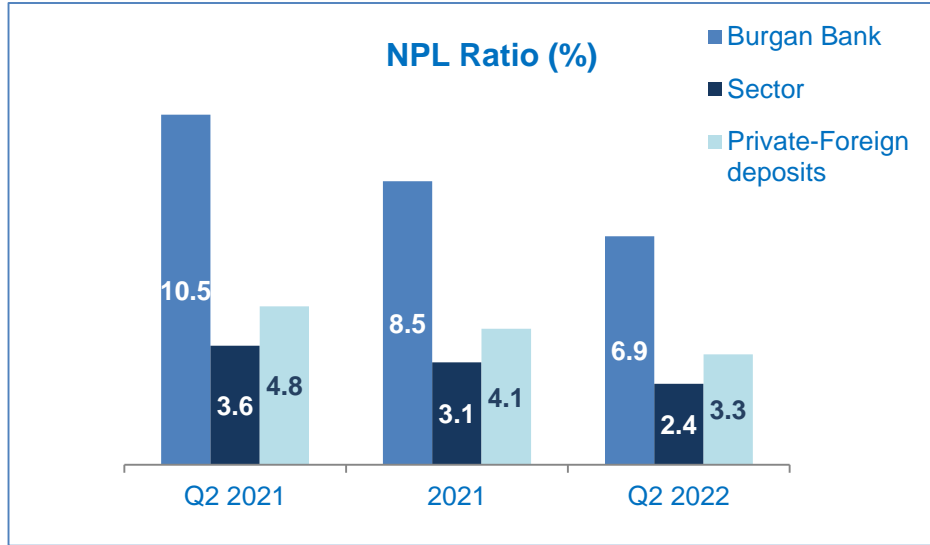


Loan Growth (billion TRY)



Asset Quality

NPL ratio



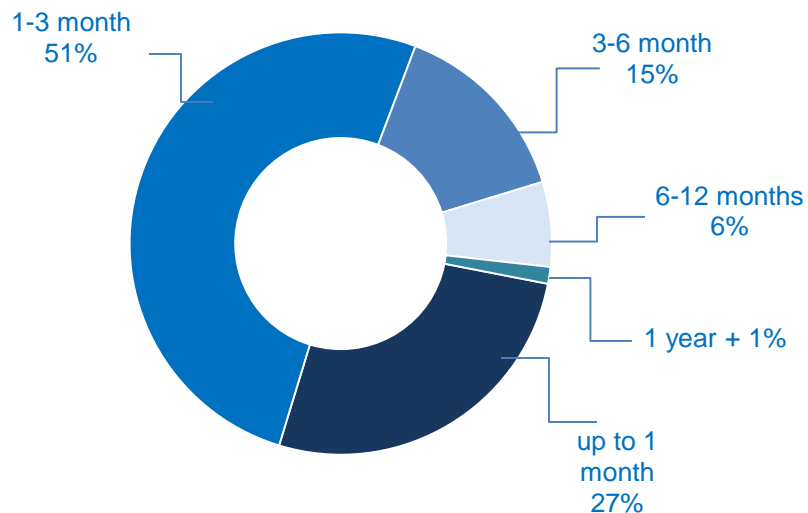
	Q22021	2021	Q22022
Gross Loans (million TRY)	21,780	30,165	35,844
NPL's (million TRY)	2,298	2,577	2,470
NPL Ratio	10.5%	8.5%	6.9%
NPL coverage	35.3%	34.3%	35.1%
Total coverage (*)	79.9%	93.0%	103.3%

- 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 177 million TRY free provision included, coverage ratio is 110.5%.

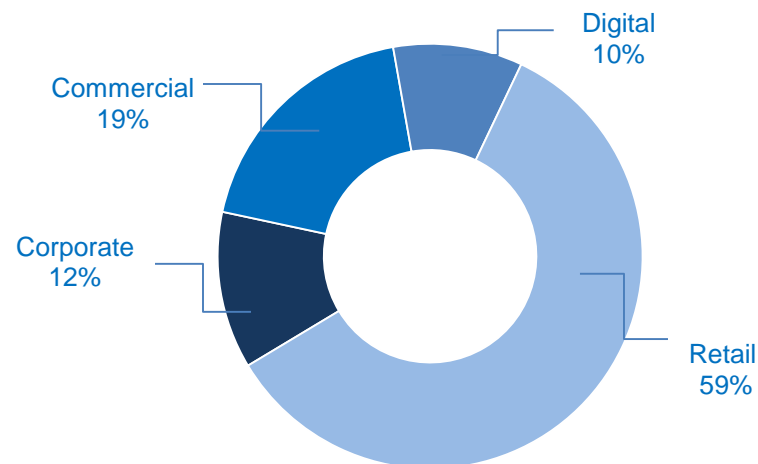
(*) Including stage1, stage2 and stage3 for cash loans provisions

Deposits are the Main Funding Source

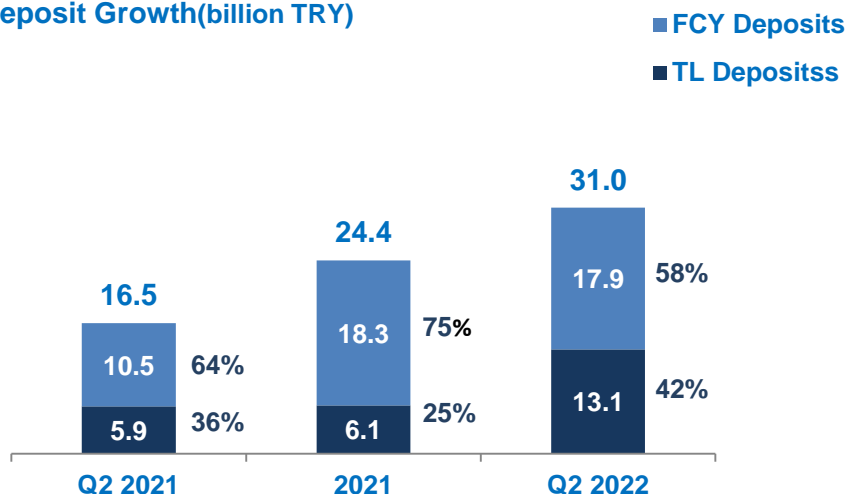
Deposit composition by maturity



Deposit composition by customer segment



Deposit Growth(billion TRY)



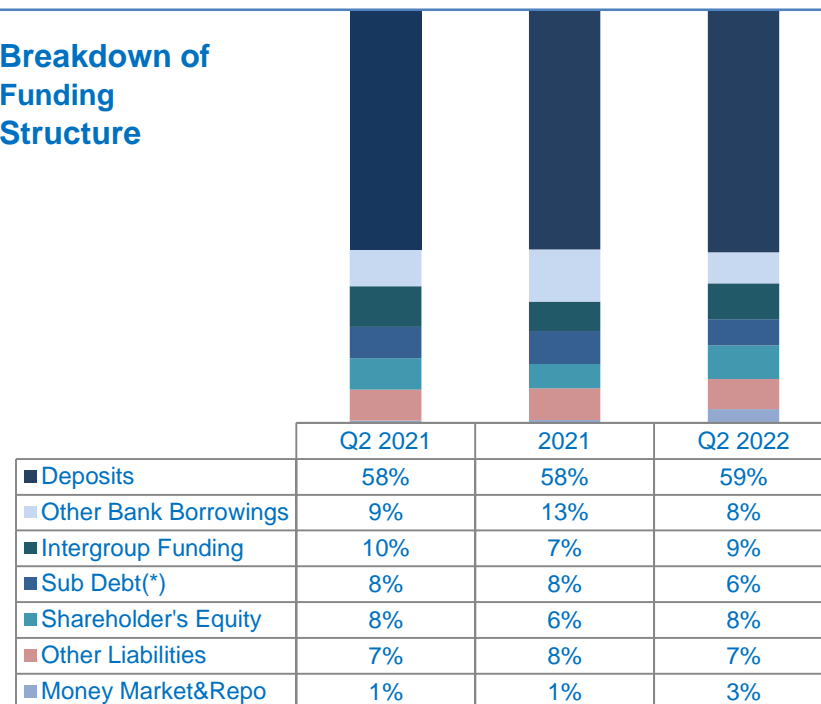
- **Retail deposits** continue to be the major contributor in the deposit composition.
- YTD total Deposits increased by **27.4%**(fx adjusted **14.3%**) Deposit growth in the Banking sector is **28.7%** (fx adjusted **14.1%**).
- **Digital banking deposits** contribution has reached to **10%**.
- The total of top 20 deposits receives a share of **15.3 %** (2021-23.5%) out of total deposits.

Solid Funding Base with strong support from Parent

Funding structure (million TRY)

	Q22021	2021	Q22022	YTD	YOY
Deposits	16,454	24,363	31,029	27.4%	88.6%
Borrowings	5,292	8,269	8,597	4.0%	62.4%
Intergroup Funding	2,773	2,975	4,619	55.3%	66.6%
Other Bank Borrowings	2,450	5,284	3,964	-25.0%	61.8%
Eximbank	70	11	13	25.8%	-81.0%
Sub Debt(*)	2,171	3,347	3,350	0.1%	54.3%
Money Market&Repo	161	273	1,742	538.6%	979.7%
Other Liabilities	2,115	3,245	3,884	19.7%	83.6%
Shareholder's Equity	2,146	2,474	4,271	72.6%	99.0%

Breakdown of Funding Structure

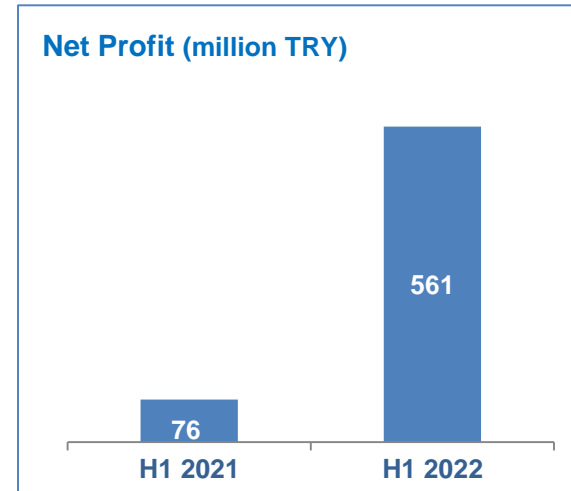
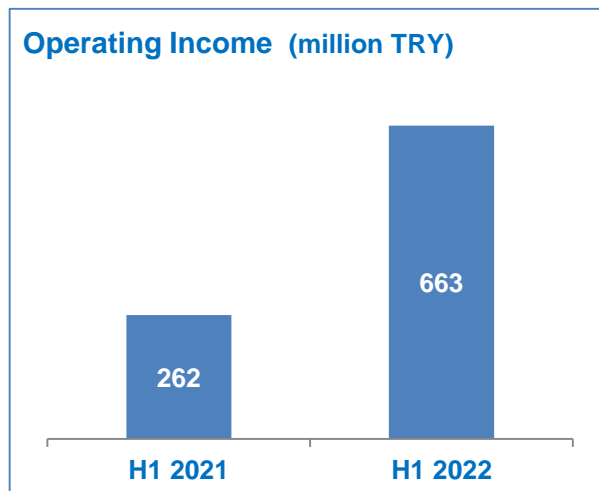
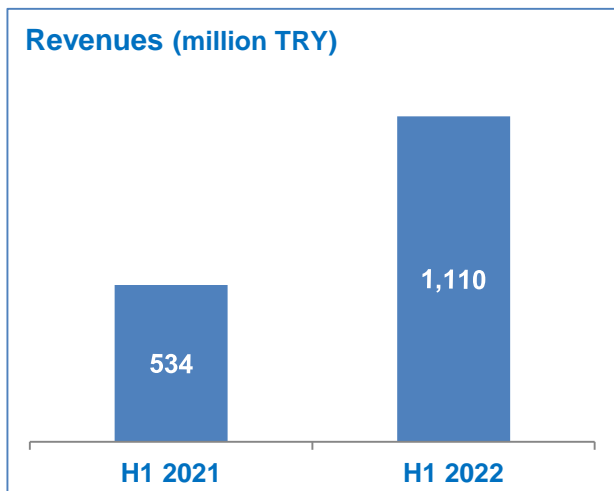


- Burgan Bank K.P.S.C. continues with a balance of **478 mio USD** in intergroup funding including sub-debt.
- Third party funding sources continues through strong cooperation with Correspondent Banks.

(*) Burgan group

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

(million TRY)	H12021	H12022	YOY
Total Interest Income	1,216	2,557	110.2%
Total Interest Expense	911	1,882	106.6%
Net Interest Income	305	675	121.0%
Total Revenues	534	1,110	107.7%
Total Operating Expenses	272	447	64.1%
Operating Income	262	663	152.9%
Provision	175	-82	-148.1%
Net Profit	76	561	639.0%



Strong Capitalization

	H12021	2021	H12022
Shareholder's Equity (million TRY)	2,146	2,474	4,271
Capital Base Inc. Sub-Debt (million TRY)	4,518	5,975	7,385
CAR Ratio (%)	18.7	20.9	19.1
Tier 1 Ratio (%)	10.4	10.4	11.5

➤ CAR and Tier 1 ratios consistently well above minimum requirements of 12% and 8.5%, respectively.

Outlook for 2022

Growth

- Continue lending activity on selective base;
 - Focusing on collateralized loans
 - Decreasing concentration and increasing spreads
 - Increase in retail deposit 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

ESG

- As of August 2022, Burgan Bank started to work with Escarus Sustainability Consultancy in order to create our sustainability strategy, the determination of short, medium and long-term goals for what Burgan Bank would do in this area. The project also includes the establishment of the governance structure and the preparation of its trainings. As Burgan Bank, we started the project to establish a coherent mindset that provides integrated of our bank's strategy, supported by internal capacity, ensuring the continuity of the institution with profit and positive contribution, etc.

Contact Details

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Thank you

