

Burgan Bank Announces Positive Results for the First Nine Months of 2022

Posting KD 166 million in Revenues and a Net Income of KD 41.2 million over the course of nine months



Sheikh Abdullah Nasser Sabah Al Ahmad Al-Sabah,
Chairman of Burgan Bank



Mr. Masoud M.J. Hayat, Vice Chairman and Group CEO
of Burgan Bank

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Burgan Bank announced its financial results for the nine-month period ended September 30, 2022, reporting Revenues of KD 166 million, driven mainly by a Net Interest Income growth of 12.8% year-on-year.

The increase in Net Interest Income came as a result of a 20bps improvement in the Net Interest Margins, which grew to 2.3%. Operating expenses came in marginally higher at KD 75.5 million compared to the same period of 2021, due to the current inflationary environment.

On the other hand, the Bank's provision charges decreased significantly from KD 47.2 million over the first nine months in 2021, to KD 13.4 million in the first nine months of 2022, marking an improvement of 71.6%. Consequently, the cost of credit went down from 1.4% in the first nine months of 2021 to 0.4% for the same period in 2022. As a result, Burgan's Net Income improved to KD 41.2 million for the nine-month period in 2022, as compared to KD 40.3 million in the same period in 2021.

The Bank's asset quality remained steady with a 2.6% Non-Performing Loan (NPL) ratio and an NPL Coverage ratio of 233.2%. Burgan's Capital Ratios for the first nine months of 2022 remained well above the required regulatory ratios. The Common Equity Tier 1 ratio of 11% and its Capital Adequacy Ratio of 17.3% are healthy and higher than the regulatory minimum ratios of 9% and 12.5% respectively.

The Bank delivered a stable performance across key indicators for Q3 2022, with KD 55.6 million in Revenues, KD 29.1 million in Operating Profits and KD 14 million in Net Income.

Speaking about Burgan's positive results and overall solid performance, the Bank's Chairman, Sheikh Abdullah Nasser Sabah Al Ahmad Al-Sabah, pointed out that the steady upward trajectory across key indicators is a testament to the effectiveness of its dynamic business model and focused strategy. He noted that Burgan Bank's strategic direction is clear-cut and particular, seeking to consolidate efforts and invest long-term in three core pillars: sustainability, digitalization and human capital development.

"In this post-pandemic operating environment, we know that economic recovery remains fragile. The landscape may be more favorable and primed for growth, but it also requires a precise strategy that prioritizes stability in the short-term and sustainable innovation in the long-term. That is why we remain focused on strengthening our financial core and bolstering our operational infrastructure, ensuring a sustained growth momentum that we can continue to build upon and accelerate in due course," said Al-Sabah.

He also added: "Our performance so far this year underscores our ability to leverage our robust asset and capital base. It is also a testament to our insightful yet prudent investment decisions, our operational resilience and our impressive pool of talent and expertise. I remain confident that we will keep delivering on the promise and potential of our strategy. That includes service excellence, an elevated banking experience, added value to shareholders and long-term, mutual investment in our people."

Meanwhile, Mr. Masoud M.J. Hayat, Vice Chairman and Group CEO of Burgan Bank, pointed out that the healthy growth registered across key financial performance indicators is attributable to the successful implementation of Burgan's strategy across all three pillars of its strategy. This in large-part includes the substantial efforts undertaken to vitalize the Bank's offerings and service model, especially the accelerated and successful implementation of Burgan's digital transformation roadmap, which remains at the heart of its strategy. Moreover, according to Hayat, Burgan has prioritized development and service elevation across every step of the customer journey, especially on the retail banking side. That has led to significant improvements across

various offerings and services, to both individual and corporate customers, to deliver a digitally-optimized, responsive and more satisfying experience.

He further added: “Bolstering our current suite of solutions and services has been an active and expansive exercise that we have rolled out at a steadily increasing pace, with digitalization being the key driver. Our ultimate goal is to deliver the banking experience our customers need, characterized by agility, personalization and genuine long-term value. From smarter solutions and tailored products, to best-in-class service channels and touchpoints, we continue to work to make our banking experience easy, convenient and rewarding.”

As for the Bank’s efforts on the human capital development front, Hayat said: “Our people are at the center of our strategy. We continue to nurture and empower our employees, by offering them one of the most expansive and inclusive learning and development programs on the market today. At every level of the organization, we are working to upskill our employees and create an internal culture of innovation, collaboration and service excellence.”

Finally, Hayat concluded by pointing to the Bank’s inherent dedication to the sustainability pillar of its strategy, saying: “Our top priority is to be a people-first bank, delivering on the needs of our people, our customers and our community. Therefore, we remain deeply committed to investing in positive change and playing a leading role in social and environmental sustainability through our ESG framework and comprehensive social responsibility program. For us, this is not an added value component of our business but a core part of our ‘Driven by You’ philosophy.”

The consolidated financials for Burgan Bank include the results of the Group’s operations in Kuwait, as well as its share of results from its subsidiaries, namely: Burgan Bank Turkey, Gulf Bank Algeria, Bank of Baghdad and Tunis International Bank. Through this regional reach, Burgan Bank has one of the largest regional branch networks across Kuwait, Turkey, Algeria, Iraq, Tunisia, Lebanon and a representative office in the United Arab Emirates.

About Burgan Bank

Established in 1977, Burgan Bank is currently the third largest bank by assets in Kuwait. From its earliest days, the Bank has significantly focused on the corporate and financial institution sectors, in addition to diversifying its offering to cater to its growing retail and private banking customer base.

Burgan Bank has majority-owned subsidiaries, collectively known as the “Burgan Bank Group”, in the MENAT region. This Group is supported by one of the largest branch networks across the region and includes: Gulf Bank Algeria – AGB (Algeria), Bank of Baghdad – BOB (Iraq & Lebanon), Tunis International Bank – TIB (Tunisia), and the fully owned Burgan Bank Turkey. Furthermore, Burgan Bank has a presence in the UAE through its corporate office, Burgan Financial Services Limited.

The Bank has continuously improved its performance over the years, through an expanded revenue structure, diversified funding sources, and a strong capital base. The adoption of state-of-the-art services and technology has positioned it as a trendsetter in the domestic market and within the MENA region. Moreover, Burgan Bank’s brand has been built on a foundation of real values – trust, commitment, excellence and progression – which serve as a reminder



of the high standards to which the Bank always aspires. In fact, the Bank's core philosophy of 'Driven by You' is the foundation on which its products and services are continuously developed.

The Bank obtained the ISO/IEC 27001: 2013 Information Security Management Systems certificate (ISMS) and was re-certified with the prestigious ISO 9001:2015, making it the one of the few banks in the GCC and Kuwait to receive such a certification for five consecutive times. The Bank also has the distinction of being the only Bank in Kuwait to have won the JP Morgan Chase Quality Recognition Award for twenty consecutive years.

Burgan Bank is a majority owned subsidiary of KIPCO (Kuwait Projects Company), one of the largest holding companies in the MENA region.