



Mr. Majed Essa Al Ajeel, Chairman of Burgan Bank Group



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

Burgan Bank announces Net Profit of KD 32.6 million for the First Nine Months of 2020

Kuwait – 16 November, 2020: Burgan Bank K.P.S.C. (“Burgan Bank”) announced a net profit of KD 32.6 million for the first nine months of 2020, compared to KD 67.5 million for the same period last year, while allocating KD 17 million Precautionary Provisions. As for the quarter ended September 2020, Burgan Bank announced a Net Income of KD 9.8mn compared to Q2’20 Net Income of KD 5.5mn.

In Q3’20, Burgan Bank’s Revenue increased to KD 57.0mn as compared to KD 47.2mn in Q2’20, driven by improvement in Net Interest Margins (+10bps vs Q2) and higher Non-Interest Income (up 56.3% vs Q2). Burgan Bank’s continued focus on cost optimization led to further reduction in Operating Expenses to KD 22.2mn in Q3’20 as compared to KD 23.2mn in Q2’20. In Q3’20, Burgan Bank continued to build precautionary provisions as a prudent measure to build buffers for the future given the ongoing pandemic.

Burgan Bank's NPL ratio improved to 4.4% in Q3'20 from 4.8% in Q2'20. NPL Coverage Ratio also improved to 205.3% in Q3'20 from 186% in Q2'20.

Burgan Bank's Q3'20 capital ratios continued to remain well above required regulatory ratios with CET1 Ratio of 10.7% and Capital Adequacy Ratio (CAR) of 16.0%. The bank continues to be liquid as reflected in its high liquidity ratios; Liquidity Coverage Ratio of 149% and Net Stable Funding Ratio of 110%.

Burgan Bank's performance in the first 9 months of 2020 (9M'20) remains impacted by the Covid-19 crisis in line with the impact on banks across the region and across the world. 9M'20 Revenue fell by 7.7% Y-o-Y to KD 164.5mn while 9M'20 Operating Expenses reduced to KD 68.9mn (improvement of 7.7% Y-o-Y). As a result, 9M'20 Operating Profit reduced marginally to KD 95.6mn. Burgan Bank booked a higher Provisions of KD 54.4mn in 9M'20 largely due to the building of higher Precautionary Provisions of KD17mn.

Mr. Majed Essa Al Ajeel, Chairman of Burgan Bank Group K.P.S.C., commented on Burgan's Q3'20 results, "We are pleased with the Q3'20 results which underscore the strength of Burgan Bank even in these difficult times and also reflects the positive impact of the various measures taken by the bank.

Commenting on the first 9 months of FY'20, Mr. Al Ajeel added, "Our overall strong 9 months performance during this challenging year with the global pandemic is a testament to the resilience of Burgan Bank's operating model and risk framework.

"On behalf of the Board, I thank our customers and shareholders for the trust they have in our capabilities and the Central Bank of Kuwait for their support & guidance. I would also like to thank our executive management team and our staff for their continued commitment." concluded Mr. Al Ajeel.

Mr. Masaud M.J. Hayat, Vice chairman and Group Chief Executive Officer of Burgan Bank Group K.P.S.C. said, "Burgan Bank's Q3'20 results, especially growth in Net Income in spite of higher precautionary provisions, reflects strong rebound in the bank's topline coupled with optimization of expenses."

Reflecting on Burgan’s ongoing efforts during this pandemic, Mr. Hayat, said, “ Since the onset of this pandemic, Burgan has prioritized safety of its clients and its employees while ensuring uninterrupted client service and business continuity mainly through our digital transformation project which has gathered significant pace this year due to the current situation and we are reaping the benefits of this long-term investment that started last year.”

The consolidated financials encompass the results of the Group’s operations in Kuwait, and its share of results from its subsidiaries, Burgan Bank Turkey, Gulf Bank Algeria, Bank of Baghdad and Tunis International Bank. Burgan Bank has one of the largest regional branch networks with 162 branches across Kuwait, Turkey, Algeria, Iraq, Tunis, Lebanon and a representative office in the United Arab Emirates.

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About Burgan Bank

Established in 1977, Burgan Bank is the youngest commercial Bank and second largest by assets in Kuwait, with a significant focus on the corporate and financial institutions sectors, as well as having a growing retail, and private bank customer base. Burgan Bank has majority owned subsidiaries in the MENAT region supported by one of the largest regional branch networks which include Gulf Bank Algeria - AGB (Algeria), Bank of Baghdad - BOB (Iraq & Lebanon), Tunis International Bank – TIB (Tunisia), and fully owned Burgan Bank – Turkey, (collectively known as the “Burgan Bank Group”). Furthermore, Burgan Bank has presence in the UAE through its corporate office (“Burgan Financial Services Limited) which had helped the bank to participate in multiple financing opportunities in the UAE.

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. Burgan Bank’s brand has been created on a foundation of real values – of trust, commitment, excellence and progression, to remind us of the high standards to which we aspire. ‘People come first’ is the foundation on which its products and services are developed.

The bank 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 certification for the Fifth consecutive time. The Bank also has to its credit the distinction of being the only Bank in Kuwait to have won the JP Morgan Chase Quality Recognition Award for twelve consecutive years.

Burgan Bank, a subsidiary of KIPCO (Kuwait Projects Company), is a strongly positioned regional Bank in the MENA region.