



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



Mr. Masaud. Hayat, Vice chairman and Group Chief Executive Officer of Burgan Bank



Mr. Raed Al-Haqhaq, Burgan Bank Deputy Group CEO and CEO-Kuwait

## Burgan Bank Group Announces Solid FY 2019 Performance

*Net Income: KD 84.7mn (+3%)*

*Dividends (Recommended): 12 fils per share*

*Return on Equity: 10%*

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**Kuwait – March 8, 2020:** Burgan Bank K.P.S.C. (“Burgan” or “Group”) announced its Full Year 2019 financial results today. Burgan’s FY’19 Net Income grew to KD 84.7mn (*up 3% y-o-y*), thereby generating shareholders returns of 10%. The strong numbers reflect focus on generating high quality earnings, achieving operating efficiencies, improving asset quality with clear goal of maximizing shareholders returns.

Given this solid performance, Burgan Board of Directors has proposed cash dividend of 12 fils per share, subject to shareholders approval at Annual General Meeting.

For FY’19, the Group reported total Revenues of KD 248.2mn due to its ability to maintain stable Net Interest margins (NIMs) of 2.7% and generate strong levels of non-interest income (*at 33% of revenues in FY’19 as compared to 31% in FY’18*). During FY’19, Burgan’s Cost to Income ratio improved by 90bps driven by lower operating costs.

Burgan's asset quality further improved with NPL ratio of 2.5% in FY'19 (*20bps reduction y-o-y*), while its Coverage Ratio further strengthened to 200% (*as compared to 168% in FY'18*). The credit costs for the year also improved to 110bps (*as compared to 140bps in FY'18*).

In FY'19, Burgan grew its loan book by 1%, reflecting a cautious growth approach in the subsidiaries market while focusing on its core market (Kuwait) where the loan book grew by 8%. In FY'19 Burgan's customer deposits grew by 6% adding further diversification in its funding base.

In FY'19, Burgan reported Common Equity Tier 1 ratio (CET1) of 11.5% and Capital Adequacy Ratio (CAR) of 16.8% indicating sufficient capital buffers for the business.

Commenting on these results Mr. Majed Essa Al Ajeel, Chairman of Burgan Bank K.P.S.C. said: *"Burgan's solid set of FY'19 results yet again proves the strength of our operating capabilities and prudent risk management. This approach helps us generate consistent shareholders returns while maintaining sound risk appetite"*

*"During 2019, one of the Group's major achievements was the successful issuance of USD 500mn Tier 1 capital securities. The issuance was very well received by the global investor community and the strong subscription levels and attractive pricing demonstrated strong investor confidence in Burgan"* added Mr. Ajeel

Mr. Ajeel concluded *"On behalf of the board, I take this opportunity to thank our customers and shareholders for the trust they have in our capabilities and our regulators, the Central Bank of Kuwait, for their continuous support. I would also like to thank our executive management team for their leadership and their execution of the Group's strategy, and our staff for their continued support and commitment."*

Furthermore, Mr. Masaud M.J. Hayat, Vice Chairman and Group Chief Executive Officer of Burgan Bank K.P.S.C. added, *"Burgan successfully optimized its international businesses to mitigate risk and scaled up its Kuwait focus to deliver double-digit returns to the shareholders. Burgan's cautious growth strategy, focus on efficiency and asset quality has ensured continued growth in profitability"*

Talking about the planned sale of Bank of Baghdad (BoB), Mr. Hayat commented, *“The sale of BoB will present us with an opportunity to redeploy capital towards our key growth areas, while improving our Asset Quality metrics.”*

Looking ahead, Mr. Hayat said, *“Digital transformation of our operations is one of the main priorities of the bank’s new strategy in the coming period. We look to the year 2020 to represent an important milestone by dedicating our efforts on long term sustainability with a focus on environmental, social and economic pillars through working to develop human capital, applying the principles of good governance, and the digital transformation of our business activities. We firmly believe that this transformation will enhance the delivery of our valuable services and offers to our valued customers. ”*

Mr. Raed Al-Haqhaq, Deputy Group Chief Executive Officer & CEO- Kuwait of Burgan Bank K.P.S.C said, *“Kuwait operations has had another strong year with improvements across the key metrics. The Kuwait Revenues grew by 7% while its loan book grew by 8%. Kuwait’s Cost to Income ratio improved to 27.6% and its cost of credit improved to 50bps while its NPL ratio was stable at 1.6%.*

Please note that beginning this year, the Bank has revised its financial statements’ closing process by changing the reporting date of its subsidiaries to one month earlier than the Group’s reporting date. Accordingly, the reported financial results of FY’19 include only eleven months (i.e. January to November) performance of the subsidiaries instead of full twelve months as included in prior periods.

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. Through this regional reach, Burgan Bank has one of the largest regional branch networks with 164 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 a present 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.