

Burgan Bank Reports Q1'23 Financial Results

Posting a Net Income of KD 7.6 million



*Sheikh Abdullah Nasser Sabah Al Ahmad
Al-Sabah, Chairman at Bank Burgan*

Kuwait, 11 May 2023

Burgan Bank (“Burgan” or “the Bank”) announced its financial results for the first quarter ending March 31, 2023. The Bank reported KD 54.7 million in Revenue for Q1'23, up 4% from Q1'22, driven by growth in Net Interest Income of KD 34.4 million(+8% y-o-y) and Net Fees Income of KD 10.2 million (+9% y-o-y). Burgan generated Operating Profit of KD 25.8 million for Q1'23 while its Loan Provision charges for Q1'23 significantly reduced to KD 4.3 million (improvement of 69% y-o-y) driven predominantly by improved performance of the bank's portfolio in Turkey. Accordingly, Burgan's cost of credit for Q1'23 reduced to 40bps as compared to 130bps in Q1'22. Burgan's Net Income for Q1'23 fell to KD 7.6 million primarily because of the Net Monetary Loss of KD 6.5 million recorded due to hyperinflationary accounting treatment for its subsidiary in Turkey.

During Q1'23, Burgan's asset quality metrics continued to be solid with a Non-performing Loan (NPL) ratio of 1.8% and Provision Coverage Ratio of 219%. Additionally, the Bank's Capital Ratios for Q1 2023 were strong with a Tier 1 ratio of 14.2% and Capital Adequacy Ratio (CAR)

of 18.0%, well above the regulatory minimum requirement of Tier 1 ratio of 12.0% and CAR of 14.0%.

Commenting on Burgan's Q1 results, the Bank's Chairman, Sheikh Abdullah Nasser Sabah Al Ahmad Al-Sabah, said: "We remain confident of our strategy and the direction of our franchise. The performance for this first quarter set a stable foundation for the year ahead and we expect improvement in the Bank's financials as the year progresses."

Sheikh Abdullah also noted that Burgan remains focused on strengthening its focus on its core market, Kuwait. Therefore, and as part of the Bank's asset reallocation strategy, the Group successfully concluded the sale of Burgan's Iraqi subsidiary, Bank of Baghdad.

In terms of digitalization, which remains a core part of the Bank's strategy, the Bank expanded its digital payment offerings in Q1 by launching Google Play and Apple Pay to allow its customers to make secure contactless payments across Android and iOS platforms. Burgan was also the first bank in the MENA region to implement a Visa solution allowing cardholders to easily enroll in multiple digital wallets and eCommerce merchants within their mobile banking app.

Moreover, Burgan made considerable progress in its environmental, social and governance (ESG) journey, another core component of its strategy. The Bank continued to promote strong ESG awareness amongst its staff, in line with its "Driven by You" philosophy. In another first, the Bank introduced biodegradable and braille-friendly debit cards to facilitate transactions for its visually impaired customers. Moreover, Burgan recently became the first bank in Kuwait to officially be certified as a "Great Place to Work", in addition to being named one of the 20 Best Workplaces in Kuwait. In a notable achievement, Burgan also recently received an upgrade in its MSCI ESG rating to "BB", reflecting the success of various actions taken by the Bank over the last 18 months."

It serves to note that the consolidated financials for Burgan 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, and Tunis International Bank. Through this regional reach, Burgan Bank has one of the largest regional branch networks across Kuwait, Turkey, Algeria, Tunisia 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), 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 one of the few banks in the GCC and Kuwait to receive such 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. Moreover, in a testament to its dedication to the development of its human capital, Burgan Bank is the first bank in Kuwait to be certified as a Great Place to Work®, earning the distinct honor in 2023.

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