

Burgan Bank reports strong H1'22 Results

Posting an operating profit of KD 61.4 million and a net income of KD 27.2 million



Sheikh Abdullah Nasser Sabah Al Ahmad Al Sabah, Burgan Bank's Chairman



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 first half of the year ended on June 30th 2022. The Bank's reported revenues remained robust at KD 110.4 mn, mainly driven by a Net-interest income increase (+8.1 % y-o-y). Burgan's Net interest margin also improved to 2.1% in H1'22 as compared to 2.0% during H1'21. The operating expenses were marginally higher at KD 49.0mn (up KD 4mn y-o-y) due to an increase in staff costs and other expenses. As a result, the Bank's reported operating profits for the first half of 2022 stood at KD 61.4mn.

Burgan's loan loss provisions decreased quite significantly from KD 39.1 mn in H1'21 to KD 10.9 mn in H1'22 – an improvement of 72.2 % y-o-y. The cost of credit went down from 1.8% in H1'21 to 0.5% in H1'22 – an improvement of 130bps.

In addition to the above provision charges, Burgan also recorded a net monetary loss of KD 11 mn in its profit and loss statement on account of hyperinflation accounting for its Turkish subsidiary. Consequently, the Bank's Net Income stood at KD 27.2 mn in H1'22 as compared to KD 24.0 mn in the same period of 2021. The Bank's asset quality also improved significantly in H1'22 to 2.6% as compared to the 4.5% reported in H1'21, which represents an improvement of 190 bps y-o-y. Burgan's NPL coverage ratio improved from 193% in H1'21 to 235% in H1'22.

The Capital Ratios remained well above the required regulatory ratios. Burgan's Common Equity Tier 1 ratio stood at 11.1% and its Capital Adequacy Ratio stood at 17.2%, as compared to the regulatory minimum ratios of 9.0% and 12.5% respectively. The Bank's liquidity position remained extremely strong for the H1'22 period as reflected by 133.1% of Liquidity Coverage ratio (vs the regulatory minimum of 90%) and 108.1% of the Net Stable Funding ratio (vs the regulatory minimum of 90%). Burgan's results for Q2'22 were also resilient with KD 57.8mn in revenues, KD 31.2mn in operating profits and KD 15.1mn in net income.

Burgan Bank has also continued to show keen support to the banking awareness campaign "Diraya" through its social responsibility program activities and other dedicated initiatives. With the launch of its innovation lab, Burgan is also pursuing its innovation and human capital development strategy to build a future-ready workforce with a stronger local talents pool to lead the banking sector.

Commenting on the positive financial results, Sheikh. Abdullah Nasser Sabah Al Ahmad Al Sabah, Burgan Bank's Chairman, pointed out that the ascending progression across the major financial indicators proves the effective implementation of the Bank's strategic core pillars of sustainability, digitalization and human capital development.

Sheikh. Abdullah Al Sabah also noted "Achieving such robust results indicates that Burgan is set on the path of sustainable growth with steady positive performance delivering an added value to shareholders and an elevated banking experience to customers. Driven by our strong commitment to strengthening the ESG framework implementation with business practices and choices that amplify a positive impact on our community and environment, I am confident that Burgan Bank will continue progressing towards the set goals for sustainable and meaningful development and excellence."

Mr. Masoud M.J. Hayat, Vice Chairman and Group CEO of Burgan Bank, pointed out that with the overall more favorable economic outlook for Kuwait and the stronger operating environment reflected well on Burgan's results and will provide a great push to the Bank's strategic focus on the domestic market with expectations of a sustained growth.

He further stressed "Burgan relies on a solid financial core and stable assets quality to unfold a strategic course focused on diversifying the bank's offering and expanding its portfolio by

investing in innovation, digitalization and competent experienced human resources. The positive financial performance so far in 2022 translates the effectiveness of our strategic course focused on the goals of delivering an elevated banking experience to customers and safeguarding the Bank’s fiscal health to yield greater value to our shareholders.”

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, 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 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.

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.