



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



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



Mr. Raed A. Al-Haqhaq, Deputy Group Chief Executive Officer & CEO- Kuwait of Burgan Bank

## Burgan Bank announces Operating Profit of KD 115.5mn for FY2020

**Kuwait – 15 February, 2021:** Burgan Bank K.P.S.C. (“Burgan” or “bank”) announced its financial results for the Financial Year 2020. The bank reported Net Income of KD 33.7mn for the year.

FY’20 Revenues declined by 14.3% year-on-year to KD 212.8mn, primarily due to the pandemic-led weak operating environment and the low interest rates. However, the bank generated stable levels of Non-Interest Income for the year at KD 72.8mn.

The bank reported KD 97.2mn of Operating Expenses for the year, a 4.9% improvement over previous year due to a number of cost-saving initiatives undertaken during 2020 and delivered robust Operating Profit of KD 115.5mn.

In FY’20, the bank’s Customer Loans and Advances grew by 1.4% to KD 4.3 billion and Customer Deposits grew by 2.5% to KD 4.1 billion. The bank grew its Loan Book by 5.0% in its core market, Kuwait, while adopting a cautious approach in its subsidiaries’ markets.

In Q4’20, Burgan successfully issued USD 500mn Tier 2 Capital securities, further strengthening its Capital Adequacy Ratio to 18.1%. The bank’s strong liquidity levels are well-reflected in its Liquidity Coverage Ratio of 201.3% and Net Stable Funding Ratio of 106.2% as at 31<sup>st</sup> Dec’20.

Burgan Board of Directors has recommended a distribution of cash dividend of 5 fils per share, in addition to a 5% stock dividend, subject to shareholders approval at Annual General Meeting.

Burgan has received strong interest from potential buyers for its stake in Bank of Baghdad (BoB). Burgan expects to conclude the sale in 2021 upon receipt of required approvals.

Commenting on the Bank's performance Mr. Majed Essa Al Ajeel, Chairman of Burgan Bank K.P.S.C. said: *"2020 has posed tremendous challenges to economies across the globe and has had a negative impact on the banking sector. In such a difficult year, Burgan's results are testimony to our strong operating model, ably supported by our prudent risk practices."*

*"The bank successfully executed issuance of USD 500mn Tier 2 bonds, boosting its capital levels at optimal cost. The issue was 4 times oversubscribed by international and regional investors and reflects the strength of the bank's credit profile."*

*"In 2020, we maintained our commitment to outstanding customer service through unwavering efforts of our employees and executive management team. I express my sincere appreciation for the dedication and hard work of the entire Burgan team throughout this pandemic. In addition, I would like to extend my utmost gratitude to our shareholders for their continuous support and to our regulators, the Central Bank of Kuwait for their guidance and positive contributions."*

Commenting on the Bank's financial results, Mr. Masaud M. J. Hayat, Vice Chairman and Group Chief Executive Officer of Burgan Bank K.P.S.C. added: *"In 2020, Burgan delivered resilient performance considering the pandemic's impact on the operating environment, further exacerbated by the volatile oil prices."*

He further added, *"The bank is focused on the execution of its long-term strategic ambitions, namely, asset reallocation with increased focus on Kuwait, digital transformation to deliver best-in-class secure and convenient banking experience and further strengthening of talent pool and organizational culture."*

Looking ahead, Mr. Hayat added: *"As part of our asset reallocation plan, we are making progress in our plan to exit from Iraq and this will enable Burgan to focus on further growth in Kuwait. Also, we will continue to invest in enhancing our digital platform"*

In conclusion, Mr. Hayat said, *“The proactive measures introduced by Central Bank of Kuwait have significantly supported individuals and businesses during this crisis and we extend our sincere gratitude to them in protecting the banking sector which is considered a very important element in our economy.”*

Mr. Raed A. Al-Haqhaq, Deputy Group Chief Executive Officer & CEO- Kuwait of Burgan Bank K.P.S.C added, *“Burgan’s Kuwait franchise continues to perform well despite the impact of the pandemic on the economy. We have taken stringent measures to protect the health and safety of our customers and employees during the COVID-19 crisis while addressing their banking needs. Our employees have shown exemplary dedication to supporting our customers and I express my gratitude to each one of them for their ongoing contributions.”*

Looking ahead, Mr. Al Haqhaq said, *“We are confident that with our strong risk management framework, commitment of our team and enhanced digital platform, Burgan is well positioned to navigate the challenges ahead in Kuwait and in our international markets.”*

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#### **About Burgan Bank**

Established in 1977, 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 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.

