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رأس المال المصرح به ٦٠٠,٠٠٠,٠٠٠ د.ك
رأس المال المصدر والمدفوع ٣٩٩,٦٣٥,٦٦٤ د.ك
سجل تجاري رقم ٢٤٠٦٧

بنك برقان
BURGAN BANK
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Date: 14/05/2026
Ref: 341/2026

**M/s Boursa Kuwait**

*Dear Sirs,*

**Sub: Burgan Bank Analyst Conference Transcript**
**For the Period ended as of 31/03/2026**

In compliance with the provisions of clause (4) of article (8-4-2) of Boursa Kuwait Rulebook, Resolution No. (1) of 2018 and amendments thereto, attached is the transcript of the Analyst conference For the Period ended as of 31/03/2026, that was held on Tuesday, 12/05/2026 at 02:00 pm via conference call.

Best regards,

**Fadel Mahmoud Abdullah**
Chief Executive Officer- Kuwait

بنك برقان 011 Burgan Bank

BB/005-04/2026

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بنك برقان

BURGAN BANK

# Q1'26
# Earnings Conference call Transcript
# Tuesday, 12th May 2026



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# Q1' 26 Burgan Bank Earnings Call

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**Tuesday, 12th May 2026**

**Transcript of Burgan Bank Earnings conference call on Tuesday, 12th May 2026 at 14:00 Kuwait time (UTC+03:00)**

**Burgan Bank Participants:**

| | |
|---|---|
| **Mr. Khalid AL Zouman** | **Group Chief Financial Officer** |
| **Mr. Gaurav Handa** | **Assistant General Manager** |
| **Mr. Animesh Aseem** | **Executive Manager** |
| **Mr. Hamad Al Bader** | **Senior Manager** |



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**Operator (Elena Sanchez):**

Good afternoon, everyone, this is Elena Sanchez from EFG Hermes and I would like to welcome you all to the Burgan Bank Group Q1'26 Earnings call. Thank you very much for taking your time to attend this conference call. Today's call is being recorded. With that, I would like to hand over to Mr. Hamad Al Bader - Senior Manager from Burgan Bank to kick off the call.

**Hamad Al Bader:**

Thank you, Elena. Good afternoon, everyone and welcome to the Burgan Bank Group Q1'26 earnings call. Thank you very much for taking the time to attend this call.

Joining this call from Burgan are Mr. Khalid Al Zouman, Group Chief Financial Officer, Mr. Gaurav Handa, Assistant General Manager – Finance Group, Mr. Animesh Aseem, Executive Manager-Strategic Solutions, Sustainability & IR and myself Hamad Al Bader, Senior Manager Investor Relations. We shall cover the slides over the next 20 minutes or so and would welcome your questions at the end once the presentation has been covered.

As with our recent quarterly presentations, slides 3 to 7 provide an overview of the group, including an introduction to the bank and the subsidiaries in addition to the strategy. With that, we will start directly with slide 9, which summarizes and highlights the key performance indicators for the first quarter of this year.

The Group delivered a resilient Q1'26 performance, supported by continued balance sheet expansion, disciplined risk management, and strong income diversification, despite a challenging operating environment.

- Our balance sheet growth remained robust, with total assets reaching KD 9.5 billion, up ~11% year-on-year, supported by solid loan growth of 6% to around KD 5 billion. The deposit base increased 13% to KD 6.1 billion, reflecting continued customer confidence and the strength of our franchise.
- Driven by this momentum, revenue increased 10% year-on-year to KD 64 million, with net profit of KD 5.1 million.



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- Cost of credit- net of recoveries improved by 20 basis points to 30 basis points, reflecting continued strength in underlying asset quality despite proactive provisioning.
- Capital and liquidity positions remained strong, with a CAR of 15.9% and NSFR of 111%, both comfortably above regulatory requirements. This is further supported by recent Central Bank of Kuwait regulatory easing, which enhances system liquidity while our buffers remain well above both revised and historical thresholds.

**With that overview, I'll now hand it over to Gaurav to walk us through the financial performance in more detail.**

**Gaurav Handa:**

Thank you, Hamad. Good afternoon, everyone. Let's move to slide 10, which outlines our P&L metrics in more depth.

- In Q1'26, Burgan delivered strong top-line growth of 10% year-on-year, reaching KD 64 million in revenues, driven primarily by non-interest income, which increased by 77% year-on-year. The strong growth in non-interest income was supported by improved fee generation and higher cross-selling activity across the Group. Our cross-sell ratio increased to 38%, up 14 percentage points year-on-year.
- Our net interest income remained relatively resilient at KD 40 million, compared to KD 44 million reported in Q1'25. The slight softness was mainly driven by interest rate cuts implemented last year, in addition to the suspension of interest on an account classified as an NPL during Q1'26. This also explains the contraction in NIMs, as shown in the bottom-left chart.
- Nevertheless, the group maintained a solid revenue base, supported by income diversification and solid core operating performance.
- Operating profit stood at KD 18 million, compared to KD 24 million in Q1'25, reflecting a normalization from the higher base recorded last year. The decline was primarily driven by a year-on-year increase in operating expenses, which rose by KD 12.9 million. This increase mainly reflects the impact of UGB's consolidation, which contributed KD 6.3 million, while



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the remaining increase was driven by continued investments in digital transformation and technology infrastructure, alongside the impact of hyperinflation in Turkey. This is also reflected in the higher cost-to-income ratio, as illustrated in the bottom-middle chart.

- In terms of provisions and cost of credit (net of recoveries), the Bank reported a cost of credit of just 30 basis points, improving by nearly 20 basis points year-on-year. This was achieved despite proactive provisioning in light of geopolitical developments and reflects the strength of the underlying credit profile.
- The combination of the above factors, along with higher year-on-year tax expenses, resulted in net income standing at KD 5.1 million, compared to KD 10.7 million in the same period last year.

Let's now move to slide 11 to review our balance sheet metrics.

- Our total assets grew 11% year-on-year to KD 9.5 billion, supported by 6% growth in our loan book, which reached around KD 5 billion. This growth was mainly driven by our operations in Kuwait, with contributions from our international businesses, helping maintain a well-diversified portfolio across regions and sectors.
- Our balance sheet remains highly liquid, with liquid assets accounting for ~28% of total assets, reflecting our continued focus on prudent liquidity management.
- The sector mix of our loan book remained broadly stable compared to previous quarters, reflecting a well-balanced portfolio.
- On loan staging, we continued to see improvement in Stage 1 and Stage 2 exposures year-on-year. Stage 3 exposures increased slightly, mainly due to the classification of one customer as an NPL during the quarter.

Let's now move to Slide 12 to review the Group's asset quality metrics:

- As explained in the previous slide, the Stage 3, or NPL ratio, increased mainly due to the classification of one customer as an NPL during the quarter. It is important to highlight that this exposure is fully collateralised by real estate, and we are already in advanced discussions with the client toward an expedited resolution of the account.



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- Accordingly, if you look at the top-right chart, net NPLs after collateral stand at KD 33 million, or 60 basis points. This remains broadly flat year-on-year, which is a reassuring outcome and reflects our conservative approach to risk management.
- This is further supported by our strong provision coverage ratio of 2.0x, which remains broadly in line with last year, demonstrating the strength of our coverage levels.
- In addition, our total provision buffers against expected credit losses remain robust at KD 66 million, also flat year-on-year. This continues to provide us with a strong cushion against potential downside risks.

**I will now hand it over to Animesh to walk us through the next few slides.**

**Animesh Aseem:**

Thank you, Gaurav, and good afternoon, everyone. Let's now turn to Slide 13, which provides an overview of the Group's deposit and liquidity metrics.

- Before we discuss the Group's liquidity and funding profile, it is worth highlighting the broader backdrop. In response to recent geopolitical developments in the region and associated market conditions, the Central Bank of Kuwait (CBK) proactively introduced a stimulus package on 26 March 2026. The package aims to support liquidity, ease funding conditions, and provide additional regulatory flexibility.
- As part of this package, the Central Bank revised a number of key liquidity and prudential requirements. The Loan-to-Deposit Ratio (LDR) limit was increased to 100%, while the minimum requirements for both the Liquidity Coverage Ratio (LCR) and Net Stable Funding Ratio (NSFR) were reduced to 80%. In addition, reserve requirements were reduced by 3%, and the liquidity gap requirement was also relaxed by 10%. This is particularly important for us, as the ratios we refer to in this slide are now based on these revised minimum levels.
- While these measures provide short-term support to the system, they also establish a new regulatory baseline, which we take into account when assessing our liquidity position going forward, until the previous requirements are restored.
- Notwithstanding these market developments, our deposit base remains strong at around KD 6 billion, up 13% year-on-year, reflecting continued customer confidence and the strength of our

franchise. This growth was mainly driven by solid inflows in Kuwait, supported by contributions from our international subsidiaries.

- The deposit mix remained broadly stable, with CASA balances holding at around 28%, demonstrating resilience in the current operating environment.
- Burgan's loan-to-deposit ratio stands at 73%, well below the newly set 100% regulatory ceiling. This reflects our disciplined approach to balance sheet management, supported by a strong and stable funding base.
- From a liquidity perspective, Burgan remains very well positioned, with an LCR of 220% and an NSFR of 111%, both comfortably above the revised regulatory minimum of 80%.
- We would like to emphasize that the Bank remained fully compliant with both the previous and revised regulatory liquidity requirements across all key liquidity ratios and did not rely on the regulatory dispensations introduced during the quarter, reflecting our prudent and conservative balance sheet management.

Let's now move to Slide 14, which covers the Group's regulatory capital position.

- The CBK stimulus package, which we highlighted earlier, also included significant relief measures on capital requirements. As part of this package, the Central Bank reduced capital requirements at the CET1 level by 1%, which flows through to a 1% reduction across all capital ratios — CET1, Tier 1, and Total Capital Adequacy Ratio. Accordingly, the revised minimum requirements for Burgan are now 9.5% for CET1, 11% for Tier 1, and 13% for CAR.
- With this in mind, please note that, our CET1, Tier 1, and Capital Adequacy Ratios stood at 10.53%, 12.51%, and 15.90%, respectively, and remained in compliance with both the previous and revised requirements.

Let's now proceed to Slide 15 for a brief overview of the KPIs of our subsidiaries:

- Kuwait operations remain central to the Group's overall structure and performance, representing 71% of total assets. Overall activity levels in Kuwait were broadly stable, with cross-sell improving to 34% in Q1'26 from 29% last year. Margins were slightly lower, mainly reflecting the rate cuts in September and December last year, as well as the interest suspension



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on the NPL account this quarter as already referenced earlier in our presentation. Asset quality remained contained, with the NPL ratio at ~60 bps on a net-of-collateral basis. The cost of credit, net of recoveries, was negative, reflecting continued resilience in the underlying credit portfolio. Overall, the franchise remained stable.

- Turning to our international operations, starting with BBT, the bank continues to operate in a challenging macroeconomic environment, including persistent inflationary pressures. Despite this backdrop, BBT still accounts for around 14% of Group total assets. Performance remained steady, with margins at ~6% and a cross-sell ratio of ~30%. Asset quality remained stable, with an NPL ratio of 40 basis points, while the cost of credit stood at ~90 basis points.
- Our Algeria operations contributed around 10% to the Group's total asset base. AGB continued to deliver consistent performance, with margins of 5.4% supported by a cross-sell ratio of 34%. Asset quality remained stable, with no material changes or surprises during the period.
- Moving to UGB, our newest platform, remains primarily investment-focused at this stage, with limited client lending activity. As a result, credit metrics are not yet meaningful. Cross-sell performance remains healthy, largely supported by contributions from KAMCO.
- Finally, our operations in Tunisia, which represent about 2% of Group total assets, continued to operate steadily, with stable KPIs and no notable developments during the period.

**I will now hand it over to Hamad for the closing remarks.**

**Hamad Al Bader:**

Thanks, Animesh. As we conclude the presentation, let's turn to Slide 17.

- Overall, we delivered a resilient performance with healthy underlying growth, supported by a strong and diversified franchise, with Kuwait continuing to be the main driver of results.
- Despite the challenging operating environment in Q1'26, performance remained solid, underpinned by disciplined risk management, and stable fundamentals.
- Going forward, we remain focused on executing our strategy, strengthening our digital capabilities, growing fee income, and continuing to advance our ESG and sustainability agenda to support long-term value creation.

With that, we conclude our presentation. Before we move to the Q&A, we would like to once again highlight the launch of our dedicated Investor Relations App, available on both iOS and Android. We highly encourage you to download the App to gain instant, real-time access to Burgan's financial disclosures, updates, and performance data. The App is user-friendly and offers several insightful features, and we would greatly appreciate your feedback, as it will help us further improve engagement and make the App even more useful.

With that, I will now hand it over to Elena to lead the Q&A session.

**Elena Sanchez:**
Thank you, gentlemen, for the presentation. We will move now to Q&A, so if you'd like to ask a question you can either type it in the question box on your screen, or you can click on the Raise Hand button and I will unmute your microphone. We have the first question from Chiro Gosh.

**Chiro Ghosh:**
If I look at the negative side of the earnings for me, it would be the quarter-on-quarter NIM decline and the Cost-to-Income ratio still remains very high. On the positive side, the loan loss provisioning looks better and the Fee income also in line with last quarter, but overall, it's quite strong. Can we assume this to be the new base? Lastly, the CET1 has been relaxed, but has the regulator informed the banks on how long would the lower regulatory level be introduced or imposed?

**Burgan Bank:**
we'll start with the NIMs. The main reason in Kuwait operation was the cut in the benchmark interest rate, which happened in December. We were expecting that we will also see a reduction in cost of funding in Q1 after the rate cut. But unfortunately, that's remained limited due to the regional situation, and this is what has primarily compressed our NIMs for Q1. On the other side, in Turkey, last year, we benefited from the easing cycle where our deposits are short term and were repriced. This year, we have seen the long-term loans are being repriced, and this is in line with the guidance that we had given in the previous call. In addition, as we highlighted earlier, there was one customer that was classified as NPL and we had to suspend the interest that was accrued over the last year for that specific customer,

which was one specific one-off. In total, all these three parameters combined has impacted our NIMs. But our guidance for 2026, we should remain at around 2% levels. That's on the NIMs. On the cost, as we highlighted earlier, the major increase came from consolidation of UGB plus the increase in cost in Turkey and Kuwait operations. In Turkey, the high inflation, which is roughly around 30% year-on-year as of now is impacting both our staff cost and other administration expenses. Plus, in Kuwait, it's a deliberate investment into strategic transformation initiatives in addition to the digital infrastructure, which has increased the cost base. Hence, the combined effect of these parameters has resulted in a higher cost-to-income ratio. However, a normalized level would be round 60% levels. Cost of credit, we had seen a significant improvement and especially this quarter because we had one large recovery from previously written off debt that has resulted in a lower cost of credit of 30 basis points. But in our usual guidance it has always been in the range of 50 to 60 basis points.

Regarding the CBK dispensation, I think it's difficult to comment on the exact timing of when the dispensation will be removed. What is important to note here is that it is a well-established and proactive policy tool that Central Bank has used effectively in the past. During COVID, for example, similar temporary measures were introduced to support the banking sector and ensure continued lending in the economy. Those measures were then phased out in a measured way once the conditions normalized. In that context, the current dispensation should also be seen as supportive and prudent step by the regulator. Ultimately, the dispensation will depend on Central Bank's assessment of the macroeconomic and the financial condition.

**Chiro Ghosh:**

So, in the meantime, would you try to boost up your CET1? Would that be fair to assume? Because otherwise, if they raise by 100 basis points, you don't have much buffer left?

**Burgan Bank:**

If you look at the capital ratios, we are a bit tight compared to the previous regulatory requirements. Right now, we are deploying a few measures, which includes a capital raise plan. So, I'm sure you would have noticed that we have received a Central Bank of Kuwait's approval on our rights issue plan of KWD 50 million, which will now be implemented, in addition we are also looking at balance sheet optimization measures to release some of the RWAs.

**Elena Sanchez:**

Thank you. We'll move to a few questions that we received on the chat. Why have your capital ratios reduced significantly quarter-on-quarter?

**Burgan Bank:**

The reduction in the capital ratio is predominantly driven by the strong asset growth that we have seen in this quarter.

**Elena Sanchez:**

Can you comment on deposits behavior given the conflict in the region?

**Burgan Bank:**

Overall, we didn't see much change actually. The quasi-government entities have supported in deposits and provided liquidity.

**Elena Sanchez:**

Have you decided whether you will call the USD Tier 2 bond?

**Burgan Bank:**

No decision has been taken on that yet. That will be taken more closer to the call date.

**Elena Sanchez:**

Do you plan on using any deferral measures or have you put in place any deferral loan measures during the conflict?

**Burgan Bank:**

Wea are not seeing any unusual behavior that could lead to this now, what we are seeing is normal course of business.

**Rakesh Tripathi:**



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My first question was around any possible impact that you've seen from the conflict so far, as far as loan growth or broader activity levels in the economy are concerned. You already mentioned deposits are not really impacted. But on the provisioning side as well, there have been some banks that have taken additional precautionary provisions because of the conflict. I wouldn't necessarily refer to the ECL provisioning because that, in any case, is lower than the CBK provisions that you already have. But have you taken any precautionary provisioning? Or are you looking to take any precautionary provisioning going forward? The one large NPL that you mentioned that has been reclassified that basically into NPL this quarter, was this related to the conflict in any way or just in the normal course of business?

Now on the NIM contraction, you mentioned that it was a mix of several items that affected the interest in suspense, the impact of rate cuts and everything. So, on a quarterly basis, quarter-on-quarter, the 40 basis points decline that was seen, how much of that would you say was due to this interest in suspense classification and how much was the normal course of business?

Last question I had was around capital. I just wanted to confirm that the approval you received is for KWD 50 million rights issue. Is that correct?

**Burgan Bank:**

Yes, KWD 50 million is what we are going to be raising. Regarding your first question, so far we don't see any big impact on us, but if this situation and conflicts continues, then we will re-evaluate. However, we remain cautious. In terms of your second question about the NPL, I think already mentioned on our last call that there are certain concentrations not related to the market nor sector, but only certain concentrations that the management are trying to reduce.

On the NIMs, as we highlighted earlier, after the benchmark interest rate cut that happened in December, the yields have already been compressed, whereas the cost of fund has not come down as in line with the interest rate cut. We are still paying a premium for the excess liquidity, which is there in the market. In a normalized scenario, the cost of fund also comes down after the rate cut, but on a gradual basis as in when your deposits mature. But what we have seen, especially due to the regional conflict that's there, that the KWD cost of fund has remained elevated. So, we still need to see how it



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goes in the coming quarters, how the situation is and whether there will be some reduction in the cost of fund which can improve our NIMs from the current levels. Also, to answer specifically, the impact of the suspension was around 15 to 18 basis points of interest. So hence, we were guiding that 2% is more of a normalized NIMs that we expect this year at the group level.

**Elena Sanchez:**

Can you remind us of your guidance on NIM, Cost-to-Income ratio, loan growth, cost of risk?

**Burgan Bank:**

Sure. So NIM, we already highlighted 2%. Cost-to-income ratio, we highlighted that normalized is around 60%. On the loan growth, we are looking at mid-single level-digit growth for the group. Cost of credit, it's very difficult for now to forecast what would be the level of cost of credit considering the current situation that is, but our normalized level has been around 50 basis points.

**Elena Sanchez:**

Your year-on-year fee income increased sharply in Q1. Can you shed some light? I think you mentioned the consolidation of UGB, but if you can add more details.

**Burgan Bank:**

There are two primary reasons for increase in the Fee income. One, as you highlighted, there is consolidation of UGB, that was not there in the previous Q1. And second is the increase in trade finance operations in our Algerian entity.

**Elena Sanchez:**

What contributed to the rise in other income? Is it related to loan loss recoveries or loan recoveries?

**Burgan Bank:**

Yes, that's right, both in Kuwait and Turkish operations.

**Elena Sanchez:**

Could you please share how sensitive is your loan book to the geopolitical crisis, specifically your 20% real estate and construction exposure?

**Burgan Bank:**

I mean overall, our main customers are dependent on government spending, and honestly, the overall atmosphere of the environment has been slow and we have to admit that. So, in terms of the sensitivity, yes there might be a slowdown in our loan book If this is going to take longer.

**Elena Sanchez:**

Another question on your related-party exposure.

**Burgan Bank:**

We had a decision to reduce the related party transactions and it has been improving.

**Elena Sanchez:**

Thank you very much. There are no further questions. Therefore, I will hand it over to management for any closing remarks.

**Burgan Bank:**

Thank you, Elena. Thank you, everyone, and it's a pleasure to catch up as usual. Please feel free to reach out with any follow-up questions. Further, once you have the chance, please let us know your feedback on the IR app.



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