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Commercial Registration Number 24067
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هاتف: ٨٠٠٠ ٢٢٩٨ ٩٦٥+
فاكس: ٨٤١٩ ٢٢٩٨ ٩٦٥+
رأس المال المصرح به ٦٠٠،٠٠٠،٠٠٠ د.ك
رأس المال المصدر والمدفوع ٣٨٠،٦٠٥،٣٩٤/٥٠٠ د.ك
سجل تجاري رقم ٢٤٠٦٧

بنك برقان
BURGAN BANK
K.P.S.C. | ش.م.ك.ع

Date: 05/02/2026
Ref: 116/2026

M/s Boursa Kuwait

Dear Sirs,

Sub: Burgan Bank Analyst Conference Transcript
for the Financial Year ended 31/12/2025

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 Financial Year ended 31/12/2025, that was held on Tuesday, 03/02/2026 at 01:30 pm via conference call.

Best regards,

Khalid Fahad Al-Zouman
Group Chief Financial Officer

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Burgan Bank

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BURGAN BANK

FY'25

Earnings Conference call Transcript

Tuesday, 3rd February 2026

FY' 25 Burgan Bank Earnings Call

Tuesday, 3rd February 2026

Transcript of Burgan Bank Earnings conference call on Tuesday, 3rd February 2026 at 13:30 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**

Operator (Ahmad El Shazly):

Good afternoon, everyone, this is Ahmad El Shazly from EFG Hermes and I would like to welcome you all to the Burgan Bank Group FY'25 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 from Burgan Bank to kick off the call.

Hamad Al Bader:

Thank you, Ahmad. Good afternoon, everyone and welcome to the Burgan Bank Group FY'25 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. 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 Burgan, including an introduction to the bank and its strategy. We won't be covering these slides today and will start directly at slide 9, which highlights our key business and operating achievements.

In 2025, we navigated a challenging operating environment that tested us and sharpened our focus. The Bank continued to perform in line with its strategic pillars, delivering resilient results, strengthening its foundations, and achieving key milestones. Some of the highlights for the year are summarized on this slide:

- The bank continued its growth momentum, delivering business excellence both in Kuwait and internationally. In Kuwait, growth was driven by corporate banking through sector-focused diversification, while private and retail banking picked up pace through strategic partnerships, innovation, and improved services. Financial performance remained strong, supported by steady operational progress and consistent results across key areas. Internationally, the bank achieved disciplined, well-calibrated growth, complementing domestic progress while maintaining healthy diversification.

- As part of our strategy to focus on the Kuwait and the GCC market, we formally completed the acquisition of United Gulf Bank (UGB), Bahrain in February 2025. UGB, which also holds a 60% stake in the regional non-banking financial powerhouse KAMCO, has not only strengthened our regional presence but also unlocked various synergies due to complementary business model. Our collaboration with KAMCO is already starting to yield results. Additionally, Burgan is leveraging UGB's Islamic banking window to enhance its overall product portfolio, with some early successes already evident.
- In 2025, we also returned successfully to the global debt markets. We issued USD 500 million in senior unsecured bonds at an attractive spread of 115 bps over UST. The issue was nearly four times oversubscribed, reflecting strong investor confidence in the Bank's performance and strategy. Earlier in the year, we launched a USD 500 million Certificate of Deposit program to optimize funding costs and diversify our investor base. By year-end, the program had an outstanding balance of around USD 200 million, complementing Burgan's deposit base and strengthening its overall funding profile.
- Another key milestone in 2025 was our digital platform in Turkey – ON – which has grown to 1.5 million customers in just four years since its launch in 2021. This shows that Burgan's investment in digital capabilities is being well recognized. In Kuwait, we made strong progress upgrading our core banking platform with TCS and enhanced the Kuwait mobile app to improve usability and functionality. The Burgan App continues to receive high ratings on Apple and Android. To further engage investors, we also launched the IR app, providing real-time access to financial and corporate information through a user-friendly, interactive platform. We encourage you to explore and download the app.
- The Bank also made strong progress on its sustainability journey in 2025. We enhanced our GHG inventory and began work on a decarbonization strategy. We also made significant progress integrating ESG risk assessments into our credit framework, covering nearly 70% of our loan portfolio. Employee engagement and CSR programs were strengthened, and ESG governance and cyber resilience were further improved. Our ESG efforts received international recognition, with Burgan being included in the FTSE4Good Index Series, reflecting our ongoing commitment to sustainability.
- Crowning our achievements, Burgan Bank received strong industry recognition in 2025. We secured multiple local and international awards for innovation, service, and operational

excellence. Burgan Bank Kuwait was also recognized for progress in Kuwaitization and national talent development, reflecting our commitment to building a strong, locally empowered workforce.

I will now turn to slide 11 to walk you through Burgan's FY'25 financial performance highlights.

- As you can see on this slide, Burgan delivered a strong financial performance for the year. Total assets reached KD 9 billion, growing by around 12% year-on-year, supported by solid loan growth, with loans approaching KD 5 billion, up 8% year-on-year. Backed by a strong balance sheet and stable net interest margins of 2.3%, top-line income remained robust at KD 268 million, representing a 17% year-on-year increase. Liquidity remained solid, with regulatory ratios well above requirements and a stable deposit base of KD 5.5 billion. Capital levels also remained optimal at 16.8%.
- In light of our robust financial performance, the Board of Directors has proposed a cash dividend of 6 fils and a stock dividend of 5% to reward our investors for their continued trust and confidence in Burgan. This proposal is, however, still subject to shareholder approval at the AGM.

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 12, which outlines our P&L metrics in more detail.

- In 2025, Burgan delivered robust top-line growth of 17% year-on-year, reaching KD 268 million in revenues, reflecting solid results across both net interest and non-interest income.
- Net Interest Income grew 13% year-on-year to KD 178 million, supported by continued loan growth and stable net interest margins of 2.3%, highlighting disciplined balance sheet management amid evolving interest rate environment.

- Non-Interest Income recorded impressive growth, rising 25% year-on-year to KD 90 million, supported by higher fee income, gains from securities, and the positive contribution from UGB, including its key subsidiary, Kamco Invest.
- While expenses and net provisions were higher compared to last year, they remained well-managed and contained. Consequently, net income for the year reached KD 47 million, broadly in line with last year, underscoring the stability of our earnings and the resilience of Burgan's business model.

Let's now move to slide 13 to review our balance sheet metrics.

- Our total assets grew 12% year-on-year, driven by an 8% increase in our loan portfolio, which reached around KD 4.8 billion. This growth was primarily supported by our operations in Kuwait, with additional contributions from our international business, helping to ensure adequate diversification across regions and sectors. Our balance sheet remains very liquid, with liquid assets representing 28.3% of total assets, reflecting prudent management.
- The sectoral composition of our loans remained largely stable compared to previous quarters, reflecting Burgan's balanced and well-diversified credit portfolio.
- In terms of loan staging, we continued to see year-on-year improvement in Stage 1 and Stage 2, while Stage 3 remained stable at around 2%.

Let's now move to Slide 14 to review the Group's asset quality metrics:

- Our NPL ratio remains well within our target range of less than 2%.
- When adjusted for collateral, our NPLs drop to just 40 basis points, highlighting that actual credit risk is significantly lower and demonstrating strong coverage of non-performing loans.
- Total NPL coverage stands at 239%, further underscoring the strength of our credit protection.
- Additionally, our provision buffers against expected credit losses remain robust at KD 75 million, representing an exceptionally strong cushion.

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 move to Slide 15, which provides an overview of the Group's deposit and liquidity metrics

- Our deposit base remains strong at around KD 5.5 billion, up 11% year-on-year, reflecting continued growth in liquidity. This increase was mainly driven by robust volumes in Kuwait, supported by our international subsidiaries, particularly AGB.
- The deposit mix has remained largely stable, with CASA balances holding steady at nearly 27%.
- Burgan's loan-to-deposit ratio stands at 78%, well below the 90% regulatory cap, showing a careful balance between lending and funding, supported by a strong and stable deposit base.
- Under Basel III regulatory liquidity requirements, the Bank continues to be well-positioned, with a Liquidity Coverage Ratio (LCR) of 186% and a Net Stable Funding Ratio (NSFR) of 112%, both comfortably above the 100% regulatory minimum.

Now, let's turn to Slide 16 for a closer look at our regulatory capital position:

- As of December 2025, our risk-weighted assets (RWAs) grew by almost KD 800 million, representing an 11% increase. This growth reflects strong business momentum during the year and also includes the impact of our acquisition of UGB in February 2025. Despite this increase, our capital position has remained robust, prudent, and well-balanced.

- Our CET1, Tier 1, and Capital Adequacy Ratio (CAR) stood at 11.2%, 13.3%, and 16.8%, respectively. These provide comfortable buffers of 70, 130, and 280 basis points above the regulatory minimums of 10.5%, 12.0%, and 14.0%. Please note that these ratios also take into account the proposed dividend of 6 fils per share, as approved by the Board, in line with CBK Basel III regulations.

Let's now proceed to Slide #17 for a brief overview of the KPIs of our subsidiaries:

- Our Kuwait operations continues to be the backbone of the Group, representing 72% of total assets. Key performance indicators remained strong, with cross-sell improving significantly to 38% in 2025, up from 25% last year. Margins remained healthy, and the NPL ratio was well-contained at 2%. The cost of credit stayed low at just 30 basis points, reflecting the inherent strength of our credit portfolio and overall asset quality.
- Looking at our international operations, starting with BBT, the bank continues to face challenges from the country's macroeconomic situation and persistent hyperinflation. But despite these headwinds, BBT still contributes around 13% of our total assets. Margins are holding strong at 7%, asset quality remains very solid with an NPL ratio of just 30 basis points, and the cost of credit is low at 20 basis points.
- Our Algeria operations contributed around 11% to the Group's total asset base. AGB's performance remains solid with high margins of 5.5%, supported by a decent cross-sell ratio and stable asset quality metrics.
- Moving to our new subsidiary, UGB, as mentioned previously, it remains primarily an investment-focused entity with no significant client lending activity, so credit-related metrics are not meaningful at this stage. Cross-sell performance is healthy, largely driven by contributions from KAMCO.
- Finally, our operations in Tunisia, which represent about 2% of the Group's total assets, continued to operate smoothly with stable KPIs and no surprises.

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 #19:

- In Summary, Burgan delivered sustained growth and financial resilience, led by strong performance in Kuwait, disciplined risk management, and prudent international expansion, while creating long-term shareholder value.

- We focused on building asset-light revenue streams, reflected in the higher cross-sell ratio, supported by expanding our regional operations and leveraging new capabilities for scalable growth.
- Digital innovation and transformation remained a key priority, enhancing customer experience, operational agility, and service delivery across our markets.
- We continued to strengthen ESG leadership, embedding sustainability and responsible practices across our strategy, operations, and long-term growth.

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 Ahmad to lead the Q&A session.

Ahmad El Shazly:
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 already have a couple of questions from the chat, so I'll start with those. "Can you please comment on the UGB strategy? Are there any key milestones you can comment on?"

Burgan Bank:
UGB had a new board of directors in 2025, with our GCEO and two other senior members from our Kuwait team siting on the board and are shaping UGB's strategy. We have started conducting deals there. Additionally, UGB has an Islamic financing window and also can serve our customers and high net worth individuals.

Ahmad El Shazly:

Thank you. We'll take another question from the chat. "What is the internal buffer on the minimum regulatory CET1 requirement?"

Burgan Bank:

The bank historically has been maintaining about 50 basis points of buffer. That's a level that we feel comfortable with. So that's the internal target.

Ahmad El Shazly:

Thank you. There's another question asking for guidance on NIMs, the Cost to Income ratio, Cost of Risk, Loans and Deposit growth for 2026 and 2027.

Burgan Bank:

Our NIMs for 2025 were steady at 2.3%, although we faced some pressure in Kuwait, but the international operations supported the NIMs and filled the gap. For 2026, we expect as the easing cycle continues, especially in Turkey, we expect some long-term assets reprice, as and when they mature. And this could result in contraction in the NIMs, especially in the international operations. Overall, at the group level, we are guiding to a 5 to 10 bps contraction in NIMs in 2026.

As for Loan growth, this year we reported a growth of around 8% in the loan portfolio, which is coming from Kuwait, as well as equally contributed by international operations. For 2026, we do also expect high single digit growth for our loan portfolio. In terms of Cost to Income ratio, our Cost to Income ratio did increase this year from 57% to around 60%. There were a couple of reasons here, one is especially in our Turkish operations, where we are facing inflationary pressures, where we had to increase both staff and general operating expenses. In addition, we are also investing in the digital brand there, ON, where we noticed we experienced around a 50% increase in our digital customers, from 1 million to 1.5 million in one year. Hence, this is going to bring operational efficiency in future. For now, we consider it as a front-loaded investment, and we expect to keep our cost to income ratio stable at 60% levels in 2026.

Finally on the cost of risk, typically you would see that our cost of risk has increased from 10 basis points to 60 basis points in 2025. However, I want to comment that it was an exceptional year where we saw some reversal in provisions in 2024 in Turkish operations. This year we had a nominal charge, so 50 basis points is more of a normalized cost of credit. Although it's very difficult to forecast what would be the Cost of Risk, but we would give a guidance of around 50 to 60 basis points for 2026, in line with the normalized number of 2025.

Ahmad El Shazly:

Thank you. I'll take another question from the chat. It's asking whether you see the current CET1 buffer as adequate to support your loan growth for next year.

Burgan Bank:

Historically, the bank has maintained about 50 basis points of buffer, and that's our comfort zone. But right now, our ratios are about 11.2%, which is not opening enough cushion. We are in the process of finalizing our capital plans right now, which includes looking at various range of tactical and strategic options to optimize our RWAs as well as strengthen our capital position. As it is being finalized and further decisions are being taken, we will inform everyone through our disclosures.

Ahmad El Shazly:

Okay, thank you. Next question, "The NPL ratio improvement seems to have been supported by write-offs in Q4, while the Kuwait NPL ratio is higher compared to 2024. What is the outlook for 2026? And should we expect another spike in the NPL ratio in the first half of this year?"

Burgan Bank:

In general, in the last two years, whatever recoveries we get we build our provisions. We still have certain concentrations in certain accounts and we want to bring them at the minimum levels. We expect maintain the same level of NPL ratio in 2026.

Ahmad El Shazly:

Thank you. We have a question from Rakesh Tripathi.

Rakesh Tripathi:

This is Rakesh from Franklin Templeton. Thank you for the opportunity to ask questions. It would be very helpful if you could just elaborate a little more. My question was more around the write-offs that we saw, I think much of the NPL ratio decline happened in the last quarter itself, but a good portion of it was attributable to the write-offs. So that was the first part.

The second part was on the expectations for 2026. Should we look at some actions from the management like we've seen in the last few years typically, wherein some accounts are reviewed more stringently and wherein you potentially move them to stage three, with some regularization happening by the end of the year?

Burgan Bank:

In the last two years any recoveries we get we build on our provisions. There are certain accounts, due to concentrations or other matters we'd like to bring them into normal banking practices, let's put it this way. So, if they're not cooperating, then we're going to follow what we did in the previous years, where we're going to take legal action. Last couple of years you will see our NPL ratio a bit high during the year but is normalized by year end.

Rakesh Tripathi:

Very clear. Thank you. The other question was just a follow up on the CET1. So, if I heard this correctly, you mentioned, I think a couple of times on the call, that 50 bps is the standard buffer that you are comfortable with internally on CET1. Right now, it is 70 bps. But assuming a high single digit kind of growth, you would want to be a little more comfortable. And I think you mentioned two potential avenues, RWA optimization at one end and looking at capital optimization at the other end as well. My question was more around the capital optimization portion. What could be some of the potential options that you might consider? And what kind of timelines might we expect to see some announcements on regarding this? Would rights issue be one of the options that you would consider if your internal analysis indicated that increasing capital was something that would be beneficial to growth?

Burgan Bank:

As you mentioned, the critical action for us, if we talk about capital enhancement, would be an option of rights issue. But any further guidance on this matter is very difficult for us to provide at the moment. As we initially answered, right now we're in the process of our capital planning phase, and which obviously is looking at all the options, including RWA optimization, as well as, as you mentioned, capital enhancement through rights issue. All the options are on the table at this stage. And as you know, we have a very supportive shareholder, so if any additional capital is needed in the future, we are well positioned to address that subject, of course, to the internal and external as well as the regulatory approvals. So, if we do decide to move in that this direction, like we mentioned before, we will keep everyone informed through the appropriate disclosures.

Rakesh Tripathi:

Very clear. Thank you. I just had one more question, and that was on the overall breakdown of the loan growth that I came across in the financial statements. The corporate book increased by about 6.5%, while retail book was up, I believe, 21% or so. So, I if you could just shed a bit of light on where this retail growth came from, how much of it was in Kuwait versus international?

Burgan Bank:

As per our previous guidance, we are seeing around 12% to 14% growth in retail portfolio every year in Kuwait operations, since we have changed our strategy and we started focusing on retail growth. The remaining growth is coming from the digital business in Turkey, where we are growing digitally, which is supporting the retail growth overall for the group.

Rakesh Tripathi:

That is clear. Thank you very much. No further questions from my side.

Ahmad El Shazly:

Thank you, Rakesh. We have another question in the chat. Can you comment on the profitability of the subsidiaries in Turkey, Algeria and Tunisia? How much do these subsidiaries contribute to the group net profit pool?

Burgan Bank:

Usually, we disclose the asset composition in one of the slides in the investor presentation. The profitability contribution is more or less in line with the asset contribution. We don't specifically disclose the profits of each and every entity.

Ahmad El Shazly:

Since we don't have any more questions, I'd like to hand the call back to management for any closing remarks.

Burgan Bank:

Thank you All, please feel free to reach out directly to our IR team for any further questions you might have.

Ahmad El Shazly:

Thank you very much. This ends our call.