



Burgan Bank announces plan to buy UGB's regional operations for US\$ 725 million (KD 194 million)

'Deal is beginning of Burgan's regional strategy' says Burgan Chairman

Kuwait City, 5th May, 2008: Burgan Bank – one of the leading banks in Kuwait – today announced plans to buy United Gulf Bank's holdings in four regional operations for a total of US\$ 725 million (KD 194 million).

The proposed transaction – which is subject to regulatory approval from the relevant authorities in Kuwait, Bahrain and four other countries – will allow Burgan to become one of the most geographically diversified Kuwaiti controlled commercial banks within the MENA region. Burgan has agreed to buy United Gulf Bank's holdings in Algeria Gulf Bank, Bank of Baghdad, Jordan Kuwait Bank and Tunis International Bank.

The structure of the transaction will be subject to the detailed terms of the regulatory and other approvals, but it is expected that the transaction will involve the issue in the order of 200 million new shares in Burgan Bank.

The announcement follows extensive studies by Burgan and its external advisers on how to implement the company's strategy for regional expansion. The deal is supported by KIPCO - the parent company of both Burgan and UGB – and follows the statements made by Mr Faisal Al Ayyar, KIPCO's Vice Chairman, at the company's recent Shafaiyah Investor's Forum. At the meeting, Mr Al Ayyar outlined KIPCO's intentions to reorganize its financial services businesses and the sale of UGB's regional operations to Burgan is seen as the first stage in these plans.

Commenting on the proposed deal, Burgan Bank's Chairman Mr Tariq Abdul Salam, said:

"The purchase of holdings in these four banks is the first step in our regional expansion strategy. By acquiring these major operations in some of the most vibrant economies in the MENA region, we will be able to use our expertise in commercial banking to become one of the strongest full service banks in the region."

UGB's Managing Director, Mr Masaud Hayat said:

"The sale of UGB's regional operations to Burgan Bank will allow UGB to concentrate on investment banking and asset management. The anticipated profit we will make on the deal is an excellent return on our original investment and I expect this transaction to provide the catalyst for further growth in our business."

Once the relevant authorities have given their consent to the transaction, Burgan Bank and UGB expect it to be completed towards the end of June, 2008.

Notes to Editors:

About Burgan Bank

Burgan Bank is a subsidiary of KIPCO (Kuwait Projects Company). The youngest and most dynamic commercial bank in the State of Kuwait, established in 1977, the Bank has acquired a leading role in the retail, corporate and investment banking sector through innovative product offers and technologically advanced delivery channels. It has continuously improved its performance over the years by applying an expanded revenue structure, good asset quality, diversified funding sources and a strong capital base. The adoption of state-of-the-art services and ground-breaking technology has positioned it as a trendsetter in the domestic market. At present it enjoys a wide reach through our network of 20 branches and over 80 ATM's making it one of the widest ATM networks in the GCC.

The 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 and are further augmented by its three pillars of innovative technology, staff competency and customer service. It is committed to offering an enhanced banking experience.

The Bank was recertified and is still the only bank in the GCC with ISO 9001:2000 certification in all its banking businesses. It also has to its credit the distinction of being the only bank in Kuwait to have won the JP Morgan Chase Quality Recognition Award, 10th year in succession and was also acknowledged as the 'Best Local Private Bank' in Kuwait in the Fourth Annual Euromoney Private Banking Survey 2007. Further, for two consecutive years, it was conferred the COMMERZBANK Recognition Award, for maintaining high standards of quality, efficiency and reliability while processing Euro currency transactions as well. The Bank's commitment to uphold best practices was recognized when it won the region's first Hawkamah-UAB Bank Corporate Governance Award 2007 while its marketing excellence was recognized as amongst the best in the region by the Middle East Business Achievement Awards 2007.

It's steadily improving financial performance was acknowledged by Standard & Poor's Ratings Services which revised its outlook on the Bank from stable to positive in addition to affirming its 'BBB+' long-term and 'A-2' short-term counterparty credit ratings on the Bank. Further, Moody's Investor Services also upgraded the Bank's FSR rating from D+ to C- recently Capital Intelligence too acknowledged the improved financial profile and upgraded the Bank's Financial Strength Ratings from BBB to A-, the Foreign Currency Short Term rating as A2 and the Foreign Currency Long Term rating from BBB to A-

About UGB

UGB, the investment banking subsidiary of Kuwait Projects Company (Holding) (KIPCO), manages a regional network of investment/asset management companies and commercial banks. Its proprietary investments include assets in real estate, private equity, structured products and quoted securities. As of March 2008 assets under management exceed US\$ 9.6 billion (year end 2007 US\$ 8.5 billion). UGB's core subsidiaries and associates include: Algeria Gulf Bank, Al Dhiyafa Investment Company, Bank of Baghdad, Jordan Kuwait Bank, KIPCO Asset Management Company (KAMCO), Manafae Investment Company, Millennium Finance Corporation, Royal Capital Company, Syria Gulf Bank, Tunis International Bank, United Cable Company, United Gulf Bank Securities Company, United Gulf Financial Services Company, United Industries Company, United Medical Services Company and United Real Estate Company.

UGB and its subsidiary KAMCO have a proven track record of successfully completing around 50 investment banking transactions for its clients since 2001 with an aggregate value of over US\$ 7 billion including corporate finance, advisory, new issue placement and underwriting, corporate restructuring, bond issuance and merger and acquisition.

The KIPCO Group is one of the biggest diversified holding companies in the Middle East and North Africa, with assets worth more than US\$ 21 billion under management or control. The Group has substantial ownership interests in a portfolio of over 50 companies operating across 21 countries. The company's main business sectors are financial services and media. Through the subsidiaries and affiliates of its core companies, KIPCO also has interests in real estate, industry, healthcare and the management & advisory sector.