



Burgan Bank announces KD 37.8 million profit for 2008

Kuwait City, 24th February, 2009: Burgan Bank has announced a net profit of KD 37.8 million, or 40.1 fils per share, for the year ended December 31, 2008. Burgan Bank achieved KD 74.8 million profit, or 81.1 fils per share, in 2007.

2008 results reflect the Bank's strong underlying financial position and the prudent general provisioning it has made due to the economic downturn. As a result of this conservative stand, the provision coverage substantially improved to 245% from 166% in 2007. The Bank's 2008 results include the consolidation of Jordan Kuwait Bank of which Burgan acquired control in July last year from United Gulf Bank (UGB) as part of its expansion plans in the MENA region.

During 2008, Burgan Bank achieved significant growth across its business segments. As a result, compared to 2007, operating income grew by 15% to KD 121.1million from KD 105.6 million and Customer deposits also increased 47% over the previous year. Burgan's Board of Directors has recommended a 10% bonus share dividend, subject to approval by the company's General Assembly.

Commenting on the 2008 results, Burgan's Chairman, Mr. Tariq Mohammed AbdulSalam said "2008 was a challenging year for global, regional and local economies and the banking and investment sectors in particular. 2009 presents new challenges given the continuing global economic downturn."

Mr. AbdulSalam added "The reason why Burgan Bank has not achieved the forecast we made at our 2008 Shafafiyah Investor's Forum that was held at the beginning of 2008 during the Bank's annual general assembly meeting, is basically rooted to the Bank's decision to take precautionary measures by applying conservative accounting policies and prudent provisioning given the continuing global economic downturn."

"We will continue to protect investor's interests with ongoing credit due diligence and prudent risk mitigation to protect shareholders' capital." Mr. AbdulSalam added.

"Our proposal to issue 10% bonus shares as a dividend aims to achieve a balance between shareholder expectations, continuing our investment in the acquisition of regional banks and strengthening our equity base."

Mr. AbdulSalam said that with a shareholders equity base of KD 311.1 million (US \$ 1,076million), the Bank's Basel II capital adequacy ratio of 13.7%, stands above the required levels and strongly positions the bank by local and international standards. He added that these indicators highlight the viability of Burgan's ongoing strategy to position itself as one of the leading banks in Kuwait and in region.

"In 2009 and beyond, we will continue our focus on customers by meeting their banking and financial needs. Also, we will continue to achieve our regional expansion objectives by acquiring a group of Arab commercial banks. Burgan Bank acquired control successfully during 2008 of Jordan Kuwait Bank and consolidated its results as one of Burgan Bank Subsidiaries.

"On behalf of Burgan's Board and Management, I would like to thank our shareholders and customers for their loyalty and our staff for their continued hard work and commitment," Mr. AbdulSalam concluded.