



Immediate release

Burgan Bank & UGB deal continues

“Burgan continues its regional expansion,” says Burgan Chairman

“We’re confident the deal will be completed,” says UGB’s Managing Director

Kuwait City, 21st January, 2009: Burgan Bank and United Gulf Bank have announced that they will continue to implement the transaction in which Burgan will purchase three regional commercial banks from United Gulf Bank (UGB).

Burgan Bank’s regional expansion strategy - announced at its 39th Annual General Assembly and 22nd Extraordinary General Assembly in 2008 - involved the purchase of Jordan Kuwait Bank, Algeria Gulf Bank, Bank of Baghdad and Tunis International Bank from UGB. The deal was to be funded by a capital increase by Burgan Bank.

Having obtained the necessary regulatory approvals, Burgan Bank successfully completed the purchase of UGB’s 43.86% stake in Jordan Kuwait Bank in 2008. This took Burgan’s total stake in Jordan Kuwait Bank to 51.1%, which was consolidated on 30th September, 2008 on a basis that complied with Burgan’s Capital Adequacy obligations. However, because the Decree of H.H. the Amir of Kuwait authorizing the increase in the capital of Burgan Bank was not granted by the 31st December 2008 deadline imposed by the Central Bank of Kuwait for UGB to subscribe to the new shares, the transaction involving the three other banks has been unavoidably delayed.

Both Burgan Bank and UGB said it is their firm intention to pursue the transaction and that they will adhere to all the necessary procedures so that the deal can be completed as quickly as possible. This process will require a number of new procedures and approvals from regulators and other concerned authorities and as a consequence, Burgan Bank shareholders will be approached in due course to give the required endorsement at a General Assembly meeting.

Burgan Bank Chairman, Mr. Tariq AbdulSalam, said:

“Despite this delay in completing the transaction with UGB, our regional expansion plans will continue during the course of 2009. By obtaining the necessary approvals and successfully completing the transfer of UGB’s stake in Jordan Kuwait Bank last year, which gave us majority control, we achieved the first step in our international expansion programme. The acquisition of the other regional banks is expected to be completed once the required Shareholder and other consents are obtained.”

“As part of our vision to significantly accelerate stakeholder value, Burgan Bank’s regionalization is a natural and positive step forward in its evolution. With Jordan Kuwait Bank, Algeria Gulf Bank, Bank of Baghdad and Tunis International Bank within our network, Burgan will become a substantial regional force in commercial banking,” he added.

UGB’s Managing Director, Mr Masaud Hyatt, said:

“We regret that the delay in obtaining the Amiri decree is causing a delay in the finalization of the transaction between UGB and Burgan Bank. We will continue to implement the necessary procedures to make the deal happen, because we believe it is beneficial to both institutions and the markets they serve. As a result, we are confident the deal will be completed soon.”

- Ends -

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 21 branches and over 120 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 Healthcare 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 employing over 8,000 people 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.

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