

Burgan Bank posts KD 53.9 million operating profit for the first half of 2010

Operating Income up 5.4% to KD 82.6 million

Kuwait City, August 2010: Burgan Bank today announced a year-on-year 3.6% decrease in operating profit to KD 53.9 million and a year-on-year 5.4% increase in operating income to KD 82.6 million for the first half of 2010 compared to last year. After making provisions of KD 50.4 million during the period, the bank's result is a net loss of KD 6.9 million. In addition, KD 33 million in unallocated precautionary general provisions is available in the bank's books which resulted in a 58% provision coverage ratio.

The half year results include Burgan's consolidated share of income from its regional banking subsidiaries - Bank of Baghdad, Gulf Bank Algeria, Jordan Kuwait Bank and Tunis International Bank.

Burgan Bank and United Gulf Bank (UGB) recently announced that Burgan had completed the purchase of Tunis International Bank from UGB. This deal completed the first stage of Burgan's regional expansion strategy and further extends its presence across North Africa. The acquisition of Tunis International Bank gives Burgan a unique opportunity to develop its banking activity in Tunisia. During the first half of 2010, all the Bank's regional subsidiaries continued to perform well.

Other factors behind Burgan's progress include its efforts to reduce operating costs which are part of its prudent policy.

Commenting on the half year results, Burgan Bank Chairman Mr. Majed Essa Al-Ajeel, said:

"With the economic landscape improving considerably, we are confident that the full integration of our recent acquisitions will allow us to continue our growth and create improved profitability. We also

are delighted that our shareholders have supported our strategic growth plan and that this plan is now making a healthy contribution to our bottom line.”

Mr. Al-Ajeel added:

“These half-year results also reflect that we have now covered most of the loans we considered as high risk with provisions. This gives us a high level of confidence that our results in the second half of 2010 will be positive and our expectations for the full year results reflect this.”

Mr. Al-Ajeel also said that during the first half of the year Burgan reported a healthy 17.3% capital adequacy ratio.

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