



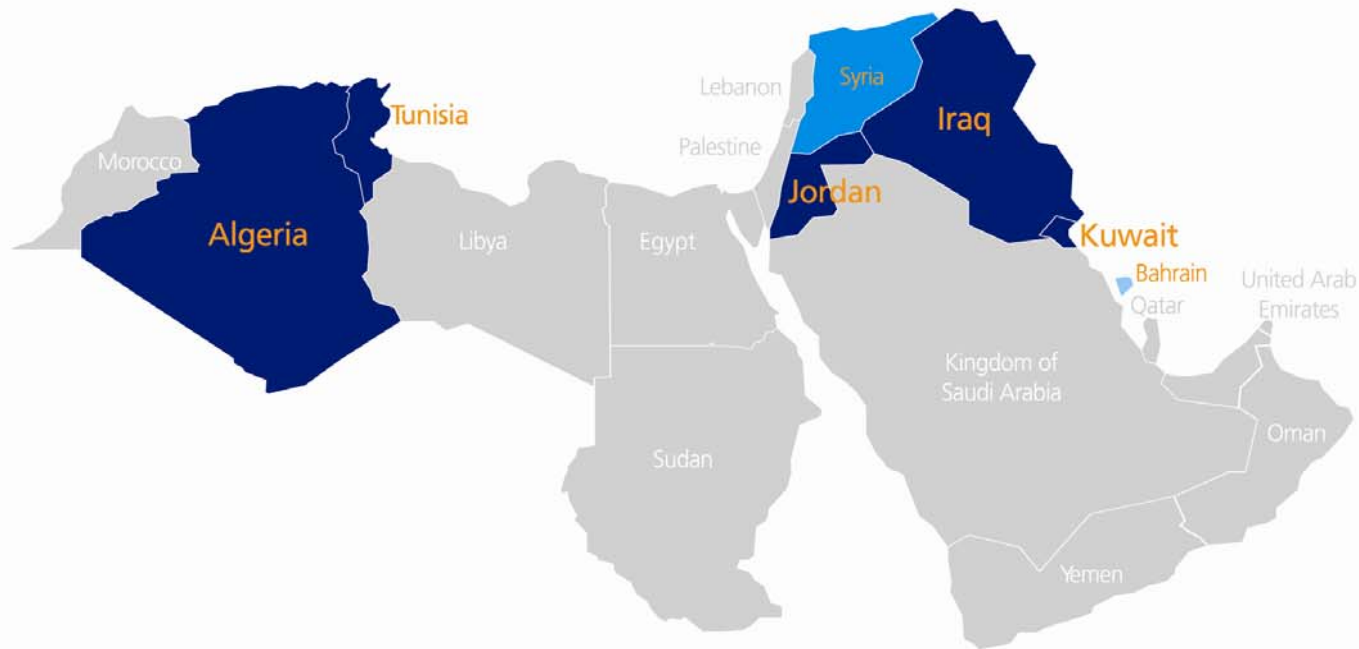
Your Partner
in the MENA Region
Burgan Bank

October 2010

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 **بنك بروقان**
BURGAN BANK
driven by you

overview



■  مصرف بغداد
Bank of Baghdad

■  **بنك بروتان**
BURGAN BANK

■  بنك تونس العالمي
Tunis International Bank

■  بنك الخليج الجزائر
Gulf Bank Algeria

■  البنك
الأردني الكويتي
JORDAN KUWAIT
BANK

■ Other Kipco Group Banks:

■  بنك سورية و الخليج
Syria Gulf Bank

■  بنك الخليج المتحد
United Gulf Bank B.S.C.



KIPCO (Kuwait Projects Company) Financial Services Companies

Organization	Activity	Subsidiary / Associate of;	% ownership
● Burgan Bank, Kuwait (BB)	Commercial banking	KIPCO	57.8%
● Gulf Bank Algeria, Algeria (AGB)	Commercial banking	BB TIB JKB	60% 30% 10%
● Bank of Baghdad, Iraq (BoB)	Commercial banking	BB	51.79%
● Jordan Kuwait Bank, Jordan (JKB)	Commercial banking (extensive branch network)	BB	51.10%
● Syria Gulf Bank, Damascus (SGB)	Commercial banking	UGB KIPCO	27.5% 11%
● Tunis International Bank, Tunis (TIB)	OFFSHORE BANKING; Trade and Corporate Finance, Portfolio Management and Treasury	BB	86.56%
● United Gulf Bank, Bahrain (UGB)	Investment banking	KIPCO	89%
● Libya	Tunis International Bank Representative Office		
● Lebanon	Bank of Baghdad Branch		
● Palestine & Cyprus	Jordan Kuwait Bank Branch		

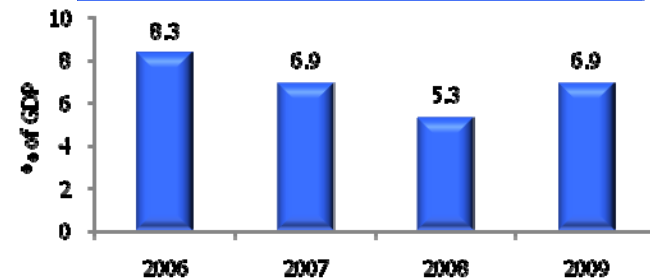
Overview - Kuwait



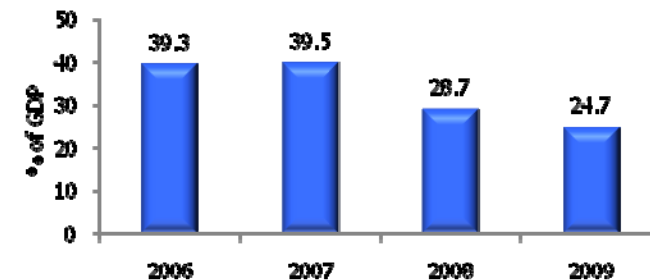
Kuwait is a rich hydrocarbon-based economy which has accumulated substantial net foreign assets

Rating:	Aa2 (Stable) / AA- (Stable) / AA (Stable)
Oil Reserves:	OPEC member with world's 5 th largest proven oil reserves
Government Fiscal Position:	Healthy surpluses registered in recent years
Government Debt:	6.9% of GDP as of 2009
Nominal GDP:	US\$ 111.3bn in 2009 – CAGR of circa 13% during 2004-09
Population:	3.54mn estimate for 2009 – CAGR of circa 5% during 2004-09
GDP per Capita:	US\$ 38,304 in 2009 (11 th highest in the world)
Consumer Price Inflation:	4.7% average in 2009
Current Account Balance:	Surplus equal to 25.8% of GDP in 2009
Government Spending:	Approved development plan of US\$ 104 billion over four years
Forecasted GDP Growth:	21.3% nominal GDP growth forecasted for 2010

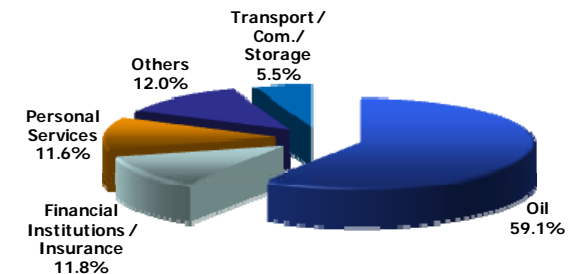
Government Debt



Government Fiscal Surplus



GDP Composition – 2009





The financial services sector is the country's second biggest contributor to GDP

- Comprised of 19 banks – Burgan Bank is the fourth largest bank in terms of asset size (as of end-2009) – with an aggregate loans to GDP ratio of 82.5%.
- Competition has increased following the entry of international banks, which are only allowed one branch per bank.
- High oil prices have had a positive impact on the local banking sector, which has witnessed considerable growth:
 - Total assets and loans & advances CAGR (2004-09) of 16.2% and 20.5%, respectively.
- The industry should benefit from the approved development plan with government spending of aggregate US\$ 104bn over four years.
- The Central Bank of Kuwait has ensured the success of a recent rights issue by a local bank in order to assist in its recapitalization.
- In 2008-2009, the local authorities implemented a series of measures to address potential vulnerabilities in the sector, including:

<i>Measure</i>		<i>Targeted Effect</i>
<i>Adjust required Loan Deposit Ratio to 85% from 80%</i>		<i>Provide banks with over US\$ 4.6bn for new lending</i>
<i>Cut the benchmark rate by a cumulative 300bps to 2.5%</i>		<i>Reduce the cost of borrowing to boost credit growth and stimulate economy</i>
<i>Provide unlimited guarantee on all bank deposits in the country</i>		<i>Boost confidence in the banking sector and provide stimulus for deposit growth</i>
<i>Introduce short-term repurchase agreements</i>		<i>Increase banks' access to short-term funding</i>
<i>US\$ 5bn stimulus and stability package</i>		<i>Encourage banks to extend credit and aid troubled firms</i>

Burgan Bank Group - Timeline



Burgan Bank has been in existence for 35 years

1975

- Incorporated as joint stock company with Government of Kuwait as majority shareholder

1977

- Converted into public shareholding company - named after first and largest oil field

1984

- Listed on Kuwait Stock Exchange

1997

- Privatized - government of Kuwait divested its 61.0% stake; KIPCO acquired major stake

2002

- Restructured operations - emphasis on best practice, organizational capabilities and increased profitability

2003-04

- Underwent major management reshuffle, focusing on its growth strategy

2005

- Adopts a long-term strategic plan 'Bright Future' to be implemented over 5 years (2006-2011)

2007

- Acknowledged as 'Best Local Private Bank' in Kuwait in the Fourth Annual Euromoney Private Banking Survey 2007

2007

- Became a subsidiary of KIPCO. Announced its new identity and launched expansion strategy – 'Bright Destiny'. Won regional corporate governance award

2008

- **Increased stake in JKB to 51.1% following stake transfer from United Gulf Bank (UGB)**

2009

- **Completed transfer of GBA (60.0% stake) and BoB (45.3% stake) from UGB**

2010

- **Executed rights issuance. Completed transfer of TIB (86.56%). Effective stake in GBA increased to 91.1%. Increased stake in BoB to 51.79%. Successfully issued \$400M LT2 Bond**

Our Vision

To be the best of class financial service provider in the MENA region through sustained execution of best practice, innovation and reliable stakeholder care.

Our Mission

Burgan Bank is your financial partner, forming a relationship with you based on integrity and trust, providing innovative banking services that understand and support your different needs at every stage of life.

Our Goals

To maximize value for all our stakeholders, clients, personnel and shareholders by building on Burgan Bank's three pillars of client delight and care, leveraging its operational and technological capabilities and nurturing our staff. Our stakeholder's value must be consistent, growth oriented and accomplished in the spirit of the corporate governance framework.

Regulated by the CBK and Listed on the Kuwait Stock Exchange

Majority shareholder

- KIPCO: 57.8%

Other shareholders

- Wafra Int. Investment Company: 6.2%
- Others (less than 5%): 36%

Corporate Governance

One of the first banks in the region to initiate and to publish its policy leading to.....

- Transparency of operations and activities
 - Network of management committees
 - Code of conduct
 - Risk monitoring & management
- ...and resulting in the raising of standards.

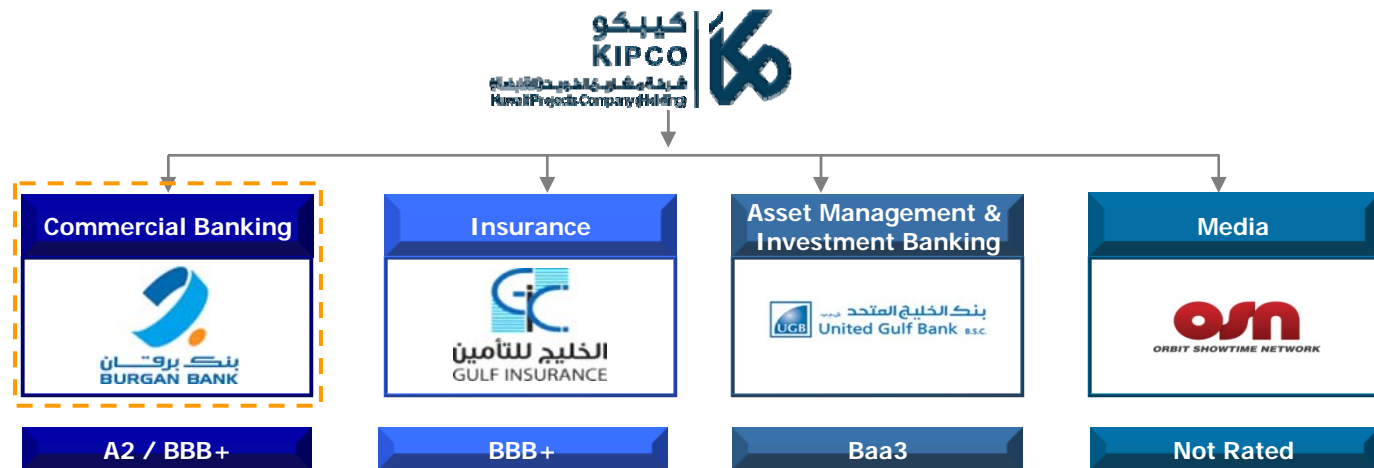
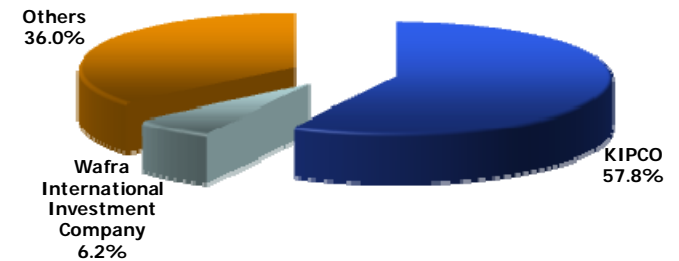
Burgan Bank – Shareholding Structure



Burgan Bank is a core member of the KIPCO group

- KIPCO (Baa2/BBB-) is Burgan Bank’s major shareholder, having acquired a majority stake in 1997.
- KIPCO considers the Bank to be one of its principal companies to which it provides strategic direction and continued financial support, as highlighted during the last rights issue (KD 100.8mn in April 2010).
- KIPCO is a leading multi-sector holding company with interests in over 60 companies spanning the MENA region.
- KIPCO’s holdings are predominantly focused on four sectors, for which it has assigned four entities to overlook the development of these divisions.

Burgan Bank Ownership (Jun-10)



*As of June 2010

Burgan Bank Group - Overview



Burgan Bank is a customer-focused regional commercial bank

Overview

- Burgan Bank is the **4th** largest bank in Kuwait with a strong franchise in its domestic market
- Enjoys a strong financial profile with an asset base of **US\$ 13.9bn¹**
- Long term credit rating of **A2** by Moody's and **BBB+** by S&P
- Short term credit rating of **A-2** by Moody's and **P-1** by S & P
- Listed on the Kuwait Stock Exchange with a market Cap of **US\$ 2.2bn²**
- Majority stake of **57.8%¹** held by Kuwait Projects Company (Holding) – KIPCO
- Strong and experienced management team with an average experience of around **24 years**
- First and only ISO certified bank in GCC to achieve certification for all banking operations

Expanding MENA Footprint

- Focused strategy of regional expansion through organic and inorganic growth in countries with strong economic and demographic factors
- Expanded presence from Kuwait to seven other countries over the last two years
- Developed a strong MENA banking platform with a network of **130+ branches and 215+ ATMs**
- 43% of operating income originated from regional operations
- Key Subsidiaries are:
 - i. Jordan Kuwait Bank – No. 4 bank in Jordan with total assets of US\$ 2,693mn
 - ii. Gulf Algeria Bank – leading Algerian private sector bank with total assets of US\$ 670mn
 - iii. Bank of Baghdad – No. 1 private sector bank in Iraq with total assets of US\$ 670mn
 - iv. Tunis International Bank – corporate bank with total assets of US\$ 473mn

1. As of June 30, 2010
2. As on end August 2010

Note: Burgan Bank Financial Statement are stated in KD; conversion rate used is US\$ 1 = KD 0.2909

Strong Domestic/Regional Franchises

- Burgan Bank and its subsidiaries hold leading positions in their respective markets
- Home market (Kuwait) boasts strong economic fundamentals
- Focus on MENA with the region's favorable economic and population growth prospects

Robust Financial Fundamentals

- Strong and improving interest margins and low cost to income ratio
- One of the highest capitalization in Kuwait (CAR of 17.3%) – effective platform for future growth
- Good balance sheet liquidity – wide deposit base and substantial holding of good quality liquid assets
- Low exposure to market volatility and investment risk – strong risk management framework
- Non-performing assets coverage ratio (adjusted for collateral) anchored over 100%

Sustained Operating Income Growth

- Amidst economic downturn, operating income grew in 2008 and 2009
- Trend has sustained in 2010, allowing the Bank to increase its provisioning levels
- Regional expansion and strong domestic franchise should ensure continuation of positive momentum

Strong Shareholder Support

- The Bank is an important component to KIPCO's overall portfolio and has been provided with financial and strategic support

Effective Government Oversight

- Kuwaiti authorities have effectively addressed potential vulnerabilities in the local banking sector in response to the financial crisis

Financials - Consolidated Balance Sheet

U.S.\$ millions	2007	2008	2009	H1-09	H1-10
Cash & cash equivalents	1,482	1,894	2,070	1,757	1,783
Treasury bills and bonds	1,491	1,332	1,434	1,291	1,571
Due from banks/FIs	1,308	1,830	1,401	1,815	1,589
Loans and advances	4,885	7,332	7,724	7,970	7,455
Investment securities	379	369	484	433	488
Other assets	243	797	961	969	1,059
Total Assets	9,789	13,554	14,074	14,235	13,945
Due to banks/Fis	2,517	2,735	3,361	3,334	3,192
Deposits	5,667	8,306	8,336	8,273	8,379
Other liabilities	398	1,187	905	1,158	548
Equity	1,207	1,326	1,472	1,470	1,826
Total Liabilities & Equity	9,789	13,554	14,074	14,235	13,945

Financials - Consolidated Income Statement

U.S.\$ millions	2007	2008	2009	H1-09	H1-10
Interest income	577	718	694	369	292
Interest expense	(401)	(484)	(344)	(202)	(120)
Net Interest Income	176	234	350	167	172
Net fee & commission	59	77	103	52	53
Other income	128	105	79	51	59
Net Operating Income	363	416	532	270	284
Operating expenses	(96)	(115)	(150)	(78)	(99)
Provisions	(1)	(160)	(285)	(104)	(173)
Taxes & other expenses	(9)	(18)	(26)	(16)	(20)
Profit	257	123	71	72	(8)





Notes

- Jordan Kuwait Bank was fully consolidated from July 2008.
- The 2009 financial figures include results from the consolidation of Gulf Bank Algeria as well as share of associates in Bank of Baghdad.
- In the Q1-2010 statements, Bank of Baghdad is fully consolidated, following the increased stake purchased in January 2010.
- Tunis International Bank has been partially consolidated in the Q2-2010 financials.

Note: Burgan Bank Financial Statement are stated in KD; conversion rate used is US\$ 1 = KD 0.2909

Burgan Bank's subsidiaries operate in countries with developing banking sectors, providing growth opportunities



Country	Algeria 	Jordan 	Iraq 	Tunisia 				
Parameters/ Year	2009	2010(f)	2009	2010(f)	2009	2010(f)	2009	2010(f)
Nominal GDP (US\$ bn)	141	157	23	25	66	80	40	42
Real GDP Growth (%)	2.0	4.6	2.7	4.1	4.2	7.3	2.9	4.0
GDP per Capita (US\$)	4,027	4,418	3,829	4,062	2,108	2,505	3,852	3,970
Inflation (%)	5.7	5.5	-0.7	5.3	-2.8	5.1	3.7	4.2
Population (mn)	34.98	35.50	5.99	6.13	31.23	32.05	10.43	10.53
Aggregate Loans to GDP*	34.8%		81.8%		5.6%		58.8%	
Sector Overview	<ul style="list-style-type: none"> Over 20 banks, dominated by public sector banks. Credit growth in 2009 of 16.4% mostly to private and individual sectors. Surplus of cash and excess liquidity in the system. 		<ul style="list-style-type: none"> Over 20 commercial banks, dominated by Arab Bank. Monetary measures boosted asset growth in 2009 (7.3%) to reach US\$ 45.1bn. LDR at 65.6% which suggests growth opportunities. 		<ul style="list-style-type: none"> Around 29 banks, dominated by public banks. Central bank adopted loose monetary policy to stimulate credit growth. The banking sector contributes only 7% to the country's GDP. 		<ul style="list-style-type: none"> 42 institutions which could see consolidation in the coming years. Sector has gone from protected/closed to open and dynamic part of local economy. In 2009, credit grew by 9.8%, reaching US\$ 21.3bn. 	

Jordan Kuwait Bank accounted for approximately 19% of Burgan Bank's assets in 2009 and is listed on the Amman Stock Exchange

- Burgan Bank acquired JKB in July 2008 and currently holds a stake of 51.1%.
- Founded in 1976, JKB is the fourth largest bank in Jordan in terms of assets and plans to continue to expand and upgrade its branch network.
- JKB provides a number of retail and corporate banking services, including credit operations, treasury, and private banking.
- JKB has 48 branches and 74 ATMs in Jordan, 1 branch each in Nablus and Ramallah (Palestine) and an international banking unit in Cyprus.
- JKB has been at the forefront of the local commercial banking sector, having been the first bank to launch internet banking and many other electronic delivery channels.
- JKB's strategy includes:
 - expanding its retail banking business, focus on retail and consumer loans;
 - increasing its share of fee and commission income; and
 - becoming the leading private bank and wealth management provider in the country.
- JKB aims to increase the growth rate in retail revenues to 25% per annum by 2020 and maintain an annual growth rate of 20% in its private banking revenues.
- JKB also plans to upgrade and expand its branch network, with 4 additional branches expected to be opened by end-2010.

<i>U.S.\$ millions</i>	2008	2009
Total Assets	2,911	3,020
Loans and Advances	1,746	1,538
Deposits	1,849	1,918
Equity	338	405
Net Interest Income	116	114
Loan Loss Provisions	(15)	(34)
Operating Income	170	171
Net Income	66	62
NPLs	0.3%	3.2%
RoE	19.5%	15.3%
Capital Adequacy Ratio	-	17.8%

Other Subsidiaries Representing an aggregate of around 13% of Burgan Bank's assets



Acquired in April 2009 (51.79%)

- First licensed bank in Iraq, established in 1992.
- Provides retail and corporate banking services through a 32 branch and 24 ATMs network.
- Listed on Baghdad Stock Exchange, with a market cap of US\$ 170mn as of 30-Jun-2010.



Acquired in June 2009 (60.1%)

- Licensed in 2002, established in 2003.
- Provides retail and corporate banking services through a 21 branch and 23 ATMs network.
- Looking to expand branch network, widen product/service offerings and increase market share.



Acquired in June 2010 (86.56%)

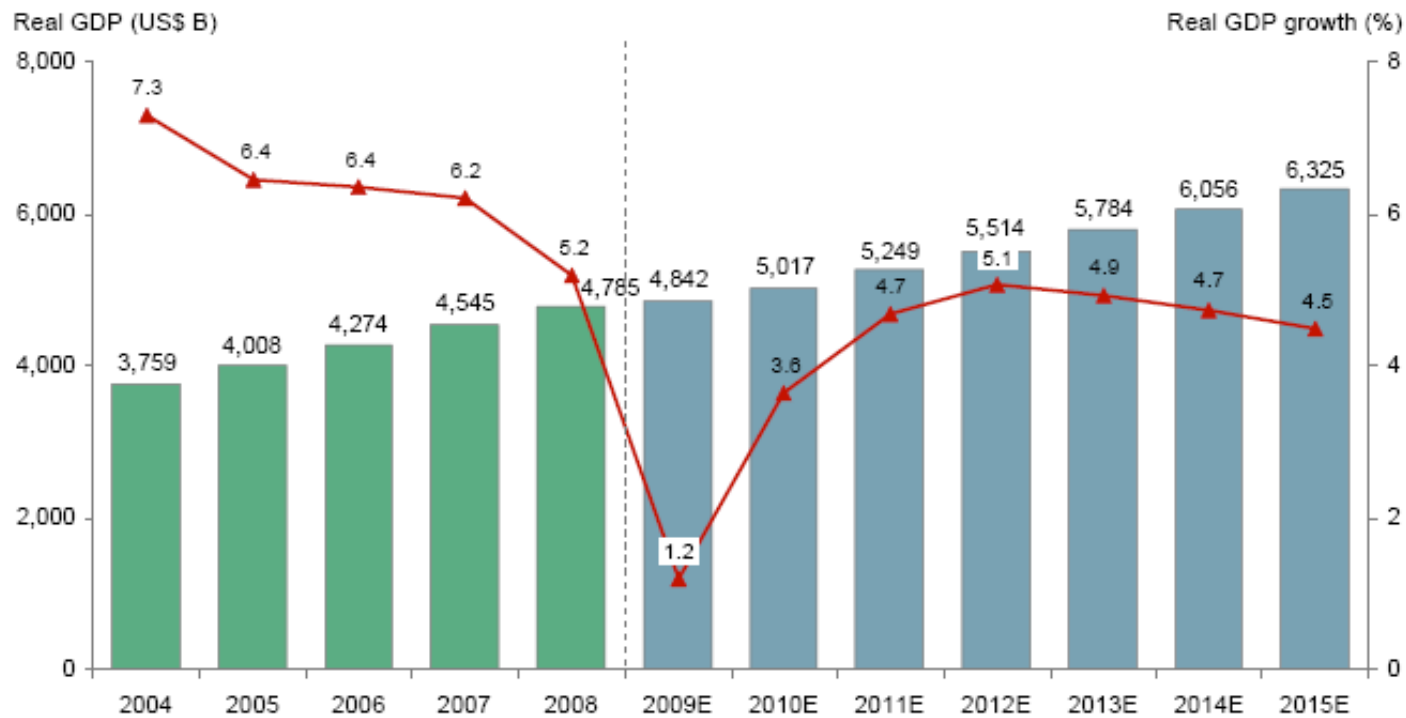
- Established in 1982.
- Provides a comprehensive range of corporate banking services through a network of 3 branches.
- Aims to increase market share in Tunisia and opportunistically expand in the Maghreb.

About the region

MENA region GDP growth



GDP forecast for extended MENA region

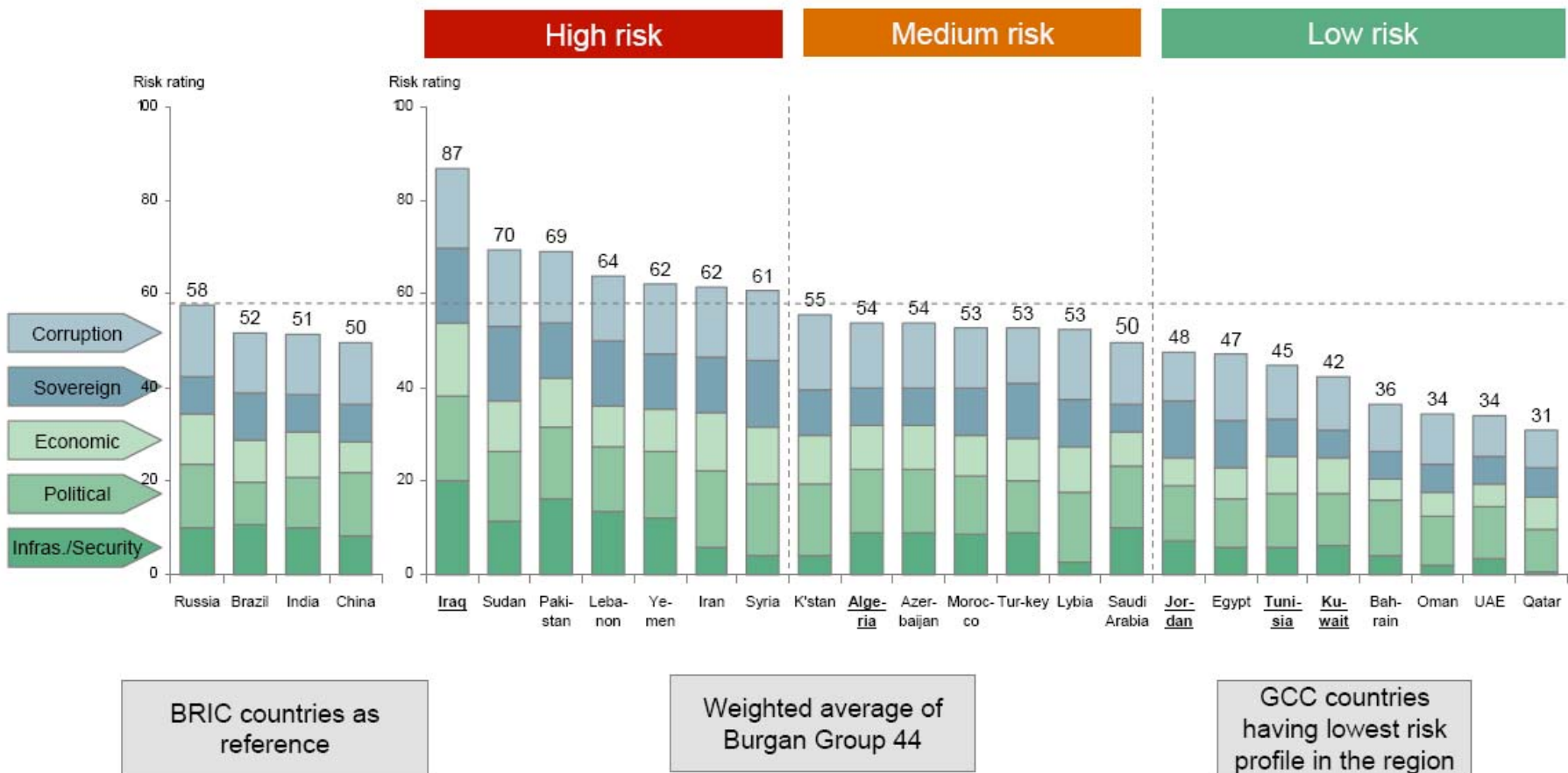


Nevertheless, the long term growth outlook remains strong

Note: Projections based on latest available estimates as per April 2009.
Source: EIU, IMF, BCG analysis

About the region

Overview on country risk



Note: Economic risk includes macroeconomic, foreign trade, tax policy, labor market and financial risks. Political risk includes political stability, government effectiveness, legal and regulatory risks. Source: EIU, Transparency International, Moody's, Fitch, BCG analysis (based on 2007 figures)

Burgan Group - Financials highlights

*USD = KD 0.2868

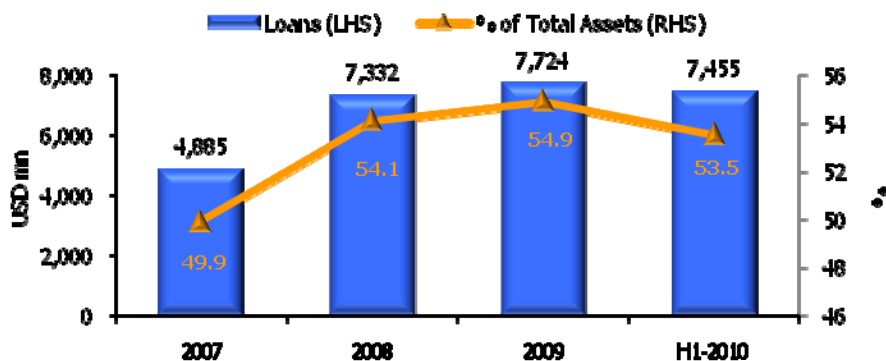
Burgan Bank – Assets Overview



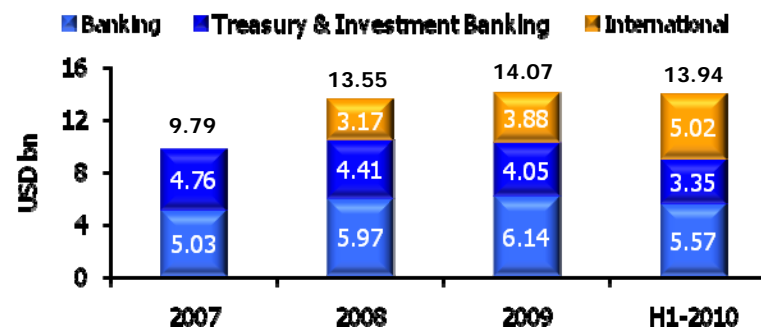
Summary

- Burgan Bank has witnessed impressive asset growth over the years, predominantly on the back of acquisitions.
- While the Bank's exposure remains mainly concentrated in Kuwait, the regional expansion has resulted in a more balanced asset distribution profile.
- The Bank's international operations have, over the years, made an increased contribution to the overall asset base.
- Both the asset growth and diversification trends are expected to be sustained, in line with the Bank's strategy.

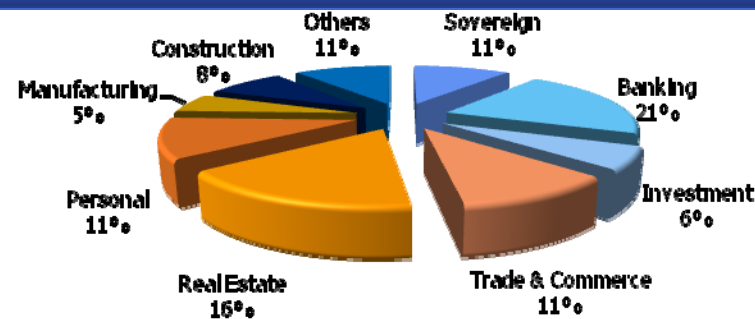
Loans Overview



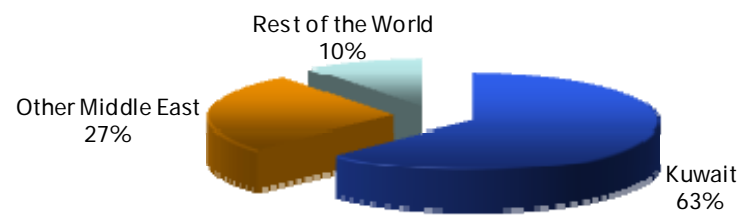
Total Assets



Credit Exposure by Sector – US\$ 15.8bn*



Credit Exposure by Geography – US\$ 15.8bn*



Note: Burgan Bank Financial Statement are stated in KD; conversion rate used is US\$ 1 = KD 0.2909

*Based on end-2009 figures

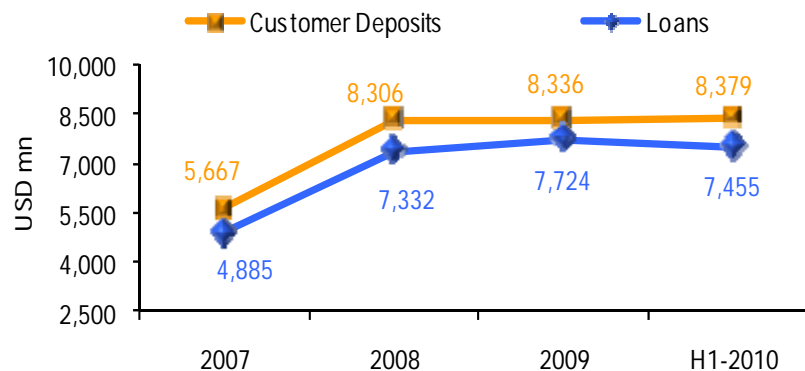
Burgan Bank – Funding/Liquidity Overview



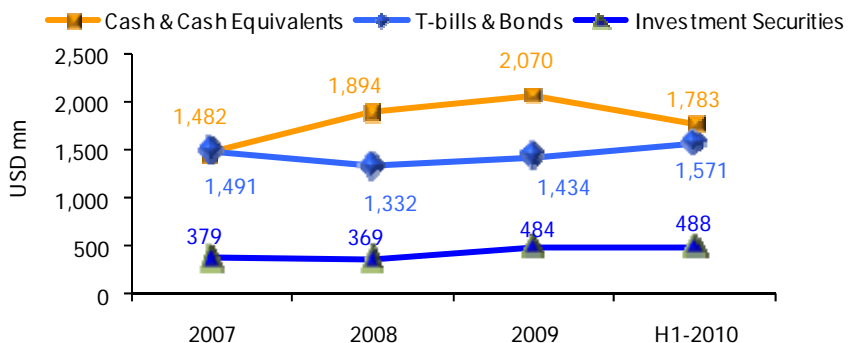
Summary

- The Bank's loan growth has been mirrored by the increase in deposits – Burgan Bank has maintained its Loans to Deposit ratio well below 100%.
- Customer deposits remain the Bank's main source of funds, while it also makes use of the interbank market.
- The Bank has made little use of capital markets financing over the years.
- In addition to its growing deposit base, Burgan Bank holds a substantial amount of liquid assets, which further boosts its financial profile.

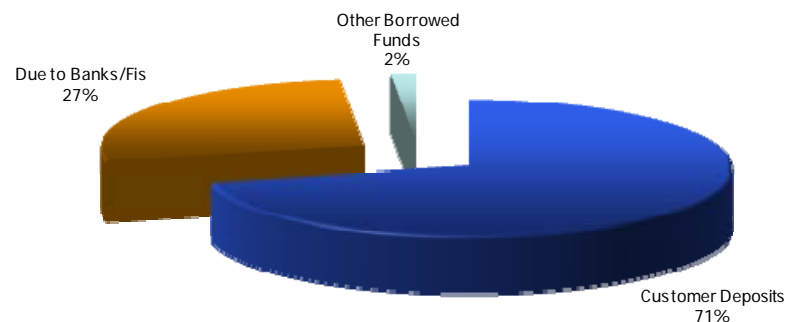
Customer Deposit & Loans



Liquid Assets



Funding Mix (H1-2010) – US\$ 11.7bn



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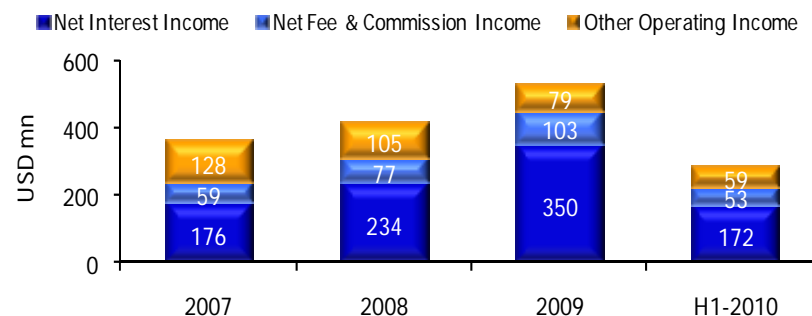
Burgan Bank – Income Overview



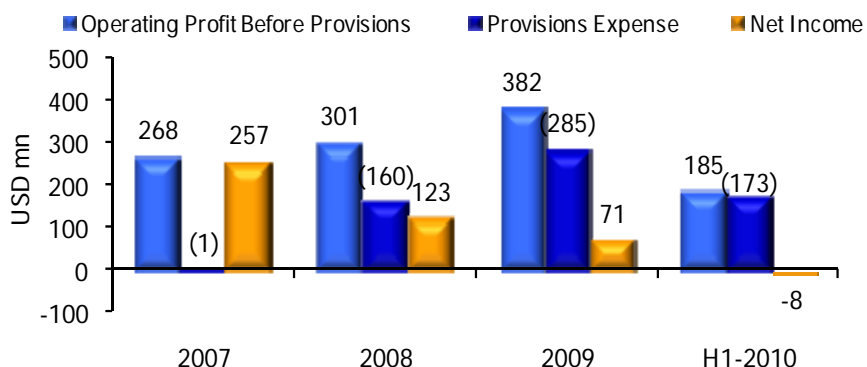
Summary

- Amidst an economic downturn, Burgan Bank's operating income increased in 2009 and H1-2010.
- The main contributor to the Bank's profitability remains net interest income, with the net interest margin in H1-2010 maintained at a healthy 2.7%.
- The Bank's sustainable cost to income ratio also allows for strong operating income margins.
- Burgan Bank has not been immune to the rise in provision expenses, which has negatively impacted the Bank's bottom line.

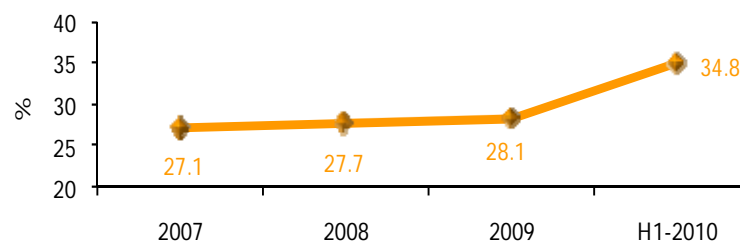
Operating Income Breakdown



Profitability Overview



Cost to Income Ratio



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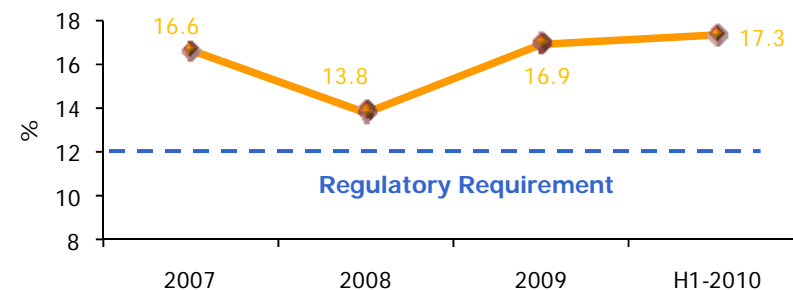
Burgan Bank – Capitalizations Overview



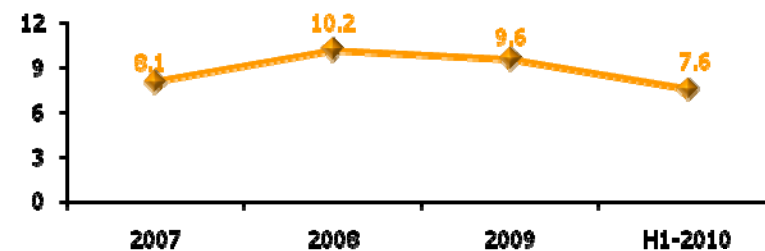
Summary

- Burgan Bank's capitalization has been maintained well above the regulatory requirement, providing a strong platform for future growth.
- As of June-2010, and following the recent rights issuance done in April 2010, the Bank's CAR was further increased to 17.3%.
- The growth in Burgan Bank's equity has outpaced that of its asset growth in recent years, highlighting the Bank's strong financial position.

Capital Adequacy Ratio



Total Assets to Equity



Burgan Bank – Key Highlights



Burgan Bank has maintained its robust credit profile and will look to capitalize on the growth opportunities available in its markets

Strong Kuwaiti franchise and growing regional footprint

Focus on emerging markets with lucrative prospects

Supportive stakeholders (KIPCO and Kuwaiti authorities)

Robust risk management framework to enable sustainable growth

Capital Adequacy Ratio of 17.3% as of Jun-2010

Sound liquidity and growingly diverse deposit base

Continued growth in operating income sustained in H1-2010

Collateral on NPLs provide additional protection against asset deterioration

Burgan Bank's performance has been recognized by its industry peers

Banking

Best Local Private Bank	Euromoney	2007
Bank of the Year (Jordan)	The Banker	2007
Most Innovative Retail Bank	Middle East Banking Award	2008

Quality

World Quality Commitment Gold Award	Business Initiation Directives	2008
Quality Recognition Award	JP Morgan	2009
World Quality Commitment Platinum Award	Business Initiation Directives	2010
ISO/IEC 27001:2005 Certification	Bureau Veritas	2010

Corporate Social Responsibilities

CSR Leader of the Year	MEBA	2008
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Marketing

Marketing Strategy of the Year	Middle East Business Achievement	2008
Banking Web Award (Kuwait)	Pan Arab Awards Academy	2009
Best Internet Banking (Middle East)	The Banker	2010

Mr. Majed Essa Al-Ajeel	Chairman
Mr. Mohammed Abdul Rahman Al Bisher	Vice-Chairman
Mr. Sadoun Abdullah Al Ali	Board member
H.E. Abdul Karim Kabariti	Board member
Mr. Pinak Maitra	Board member
Mr. Abdul Salam Mohd. Al Bahar	Board member
Mr. Faisal Al Radhwan	Board member
Dr. Amani Khaled Bouresli	Board member
Mr. Ahmad Saud Al Sumait	Board member

Mr. Eduardo Eguren

Chief Executive Officer

Ms. May Al-Mudhaf

Chief Investment Banking & Treasury Officer

Mr. Ian Harries

Chief Financial Institutions Officer

Mr. Raed Al-Haqhaq

Chief Banking Officer

Mr. Khalid Al-Zouman

Chief Financial Officer

Ms. Muneera Al-Mukhaizem

Chief Retail Banking Officer

Mr. Madhusdan Rao

Chief Risk Officer

Ms. Maliha Al-Ayar

Chief Human Resources Officer

Mr. Ivan Jensen

Chief Information Technology Officer

Mr. Venkat Menon

Chief Operations Officer

Mr. Bashir Jaber

Acting Chief Marketing Officer

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