



PRESS RELEASE

SUBJECT: Burgan Bank posts KD 79.6 million operating profit for the nine months period ended 30 September 2010

FOR COVERAGE 28 October, 2010

Operating Income up 5.9% to KD 122.6 million

Kuwait City, 27 October 2010: Burgan Bank today announced its Q3 results. Operating profit stood at KD 79.6 million for the nine month period ending 30 September 2010, while operating income increased by 5.9% to KD 122.6 million compared to the same period last year. Net profit reached KD 3.8 million for the three months ended 30 September 2010 compared to a net loss of 8.7 million for the previous quarter.

The figures show an up-turn in profits after a marginal decline in profits in Q2, 2010 as the bank lowered its provisions charges by KD 13 million, a reduction of 46.7% compared to the previous quarter.

Despite the lower provision charges, Burgan Bank continues to follow a conservative provisioning policy. For the period ended 30 September, 2010 the bank had KD 33 million in unallocated precautionary general provisions available in its books which resulted in a provision coverage ratio of 74 %.

During the third quarter of the year the bank issued subordinated notes worth US\$400 million to enhance its capital base. While earlier this year the Bank successfully completed its KD 100.8 million rights issue. The proceeds from the capital increase are being utilized to further strengthen the bank's business locally as well as capitalize on its expansion strategy which has primarily targeted high growth markets in the MENA region.

Commenting on the third quarter results, Burgan Bank Chairman Mr. Majed Essa Al-Ajeel said: "The improving economic landscape and the recent announcement by the Government about various development projects has had a very positive impact on the Kuwait market. At Burgan Bank we continue to remain prudent in our approach. We are optimistic that the positive economic landscape will help us in integrating our growth and give us the opportunity of improved profitability. On behalf of the Board, I would like to take this opportunity to thank our customers for their continued confidence in the bank and Burgan Bank staff for their continued support and commitment."

By the third quarter 2010 Burgan has a healthy 20.9 % capital adequacy ratio. The Bank is committed to sustaining positive growth in its market share within Kuwait and across key markets within the MENA region.

Mr. Eduardo Eguren, CEO Burgan Bank said, “The increase in Q3 profits emphasizes that the bank is back on its growth trajectory. However, we continue to be prudent in our approach towards our investments, risk management and provisioning policies. We have taken a very strong provisionary measure which was pressurizing our bottom line and hence this had an impact on our profits. After the rights issue and the recent issuance of subordinated notes, we are looking at a capital adequacy ratio that will be above our competitors”.

Mr. Eguren added: “We are confident of a positive outlook in the remaining part of 2010 and will continue to strengthen our foundations to ensure progressive growth locally and in the MENA region”.

The third quarter results also 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