



A Year of
Intensity

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2010

- ❖ Weathered third year of global crisis
- ❖ Achieved majority stakes in all subsidiaries
- ❖ Built-up balance sheet

2011

- ❖ Growing again
- ❖ Normalising profitability driven by lower credit costs
- ❖ Continuing diversification: products, businesses, geographies

2010: Shafafiyah Assumptions & Outlook

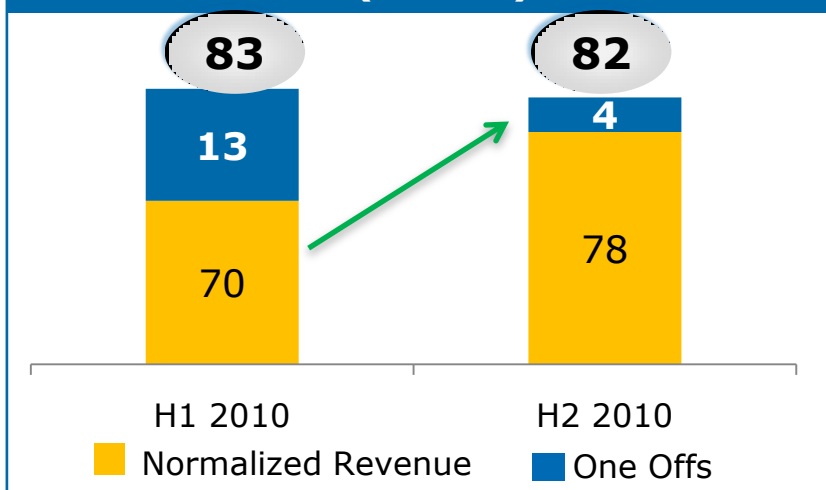
- ❖ **Group operating income expected to grow further**
- ❖ **Reduction expected in NPLs and increase in provision coverage**
- ❖ **Group net profit guidance: Expected substantial increase**

2010: Actual Performance

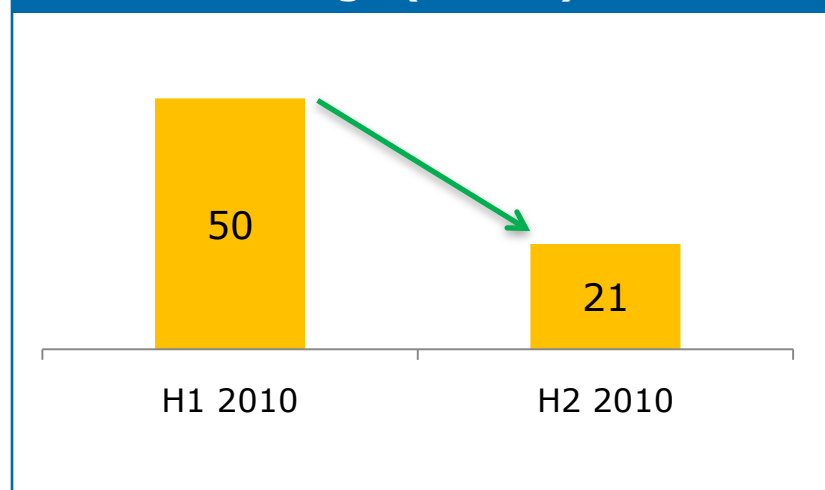
- ❖ **Operating income increased from KD155mn to KD165mn**
- ❖ **NPLs decreased from 10.0% to 6.1%; spillover of 2009 affected credit costs more than expected**
- ❖ **Provision coverage increased from 49% to 73%**
- ❖ **Provision coverage with collaterals increased from 87% to 157%**
- ❖ **Net profit for 2010: KD 4.7mn Vs. 2009 KD 6.2mn**
- ❖ **Significant increase in H2 2010**

2010: Trend lends support for promising 2011

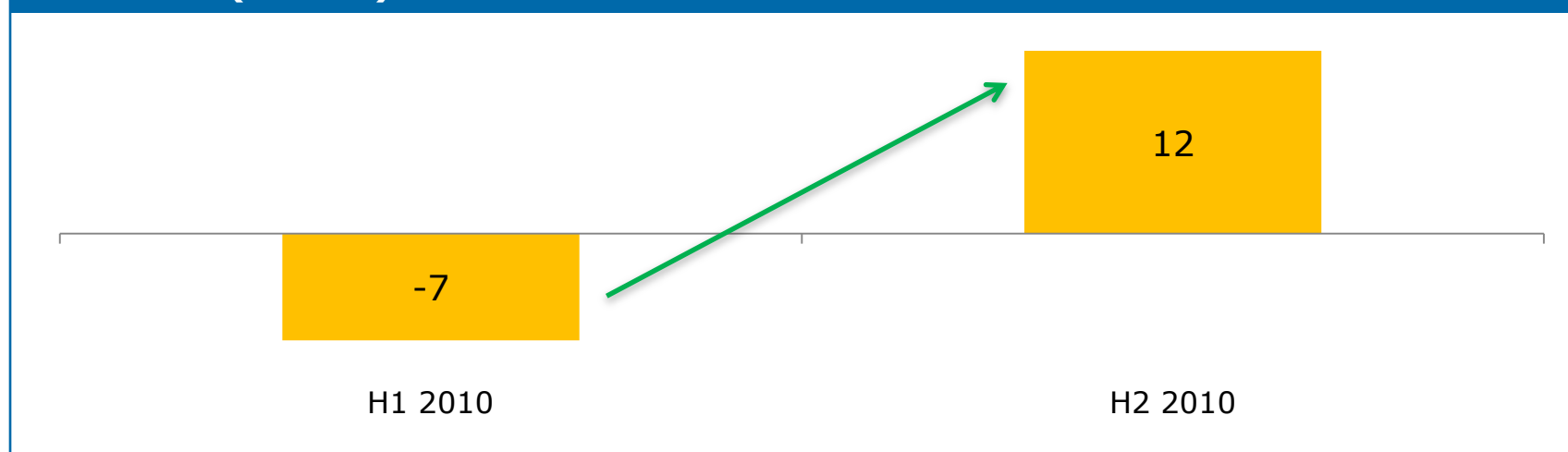
Revenue Trend (KD mn)



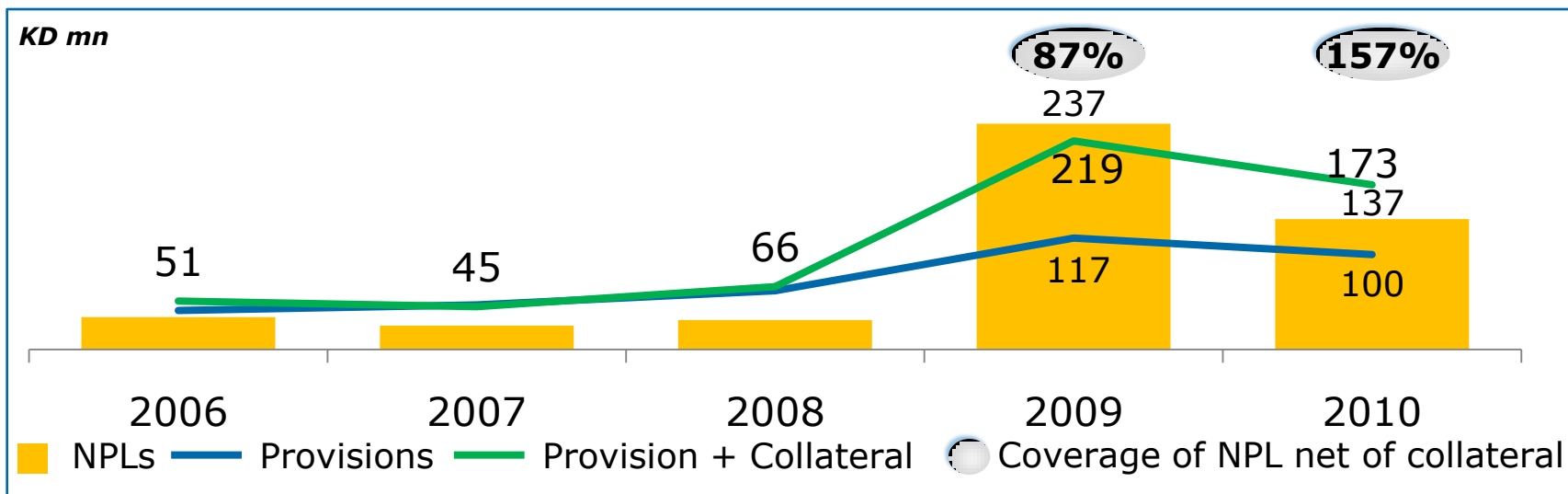
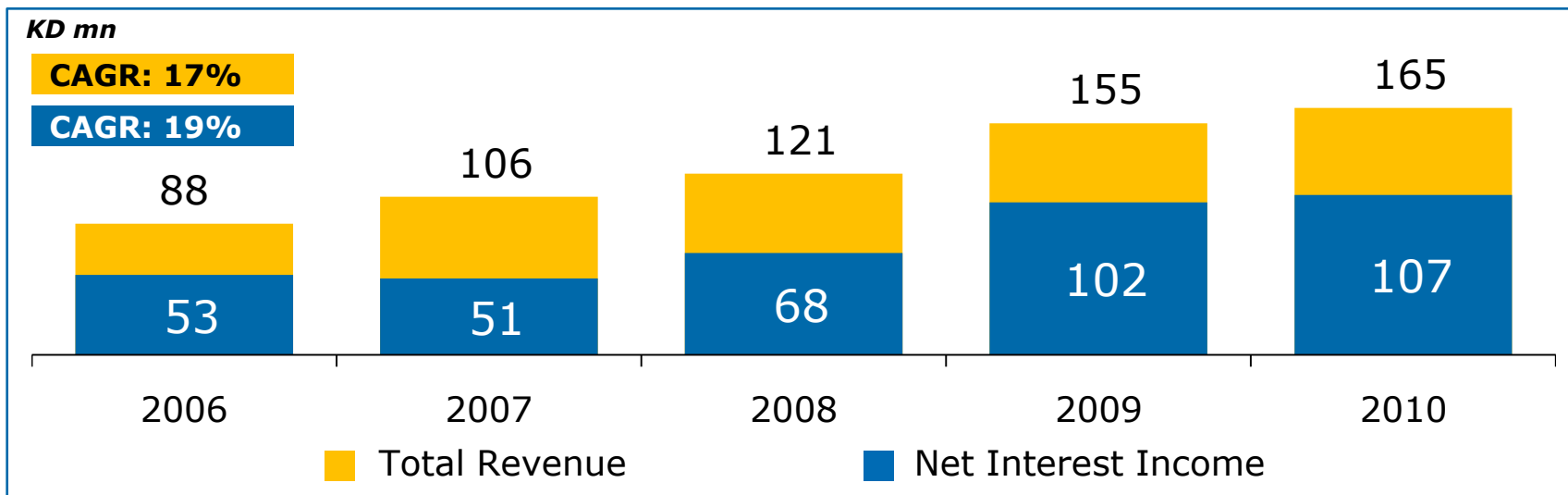
Provision Charge (KD mn)



Net Profit (KD mn)

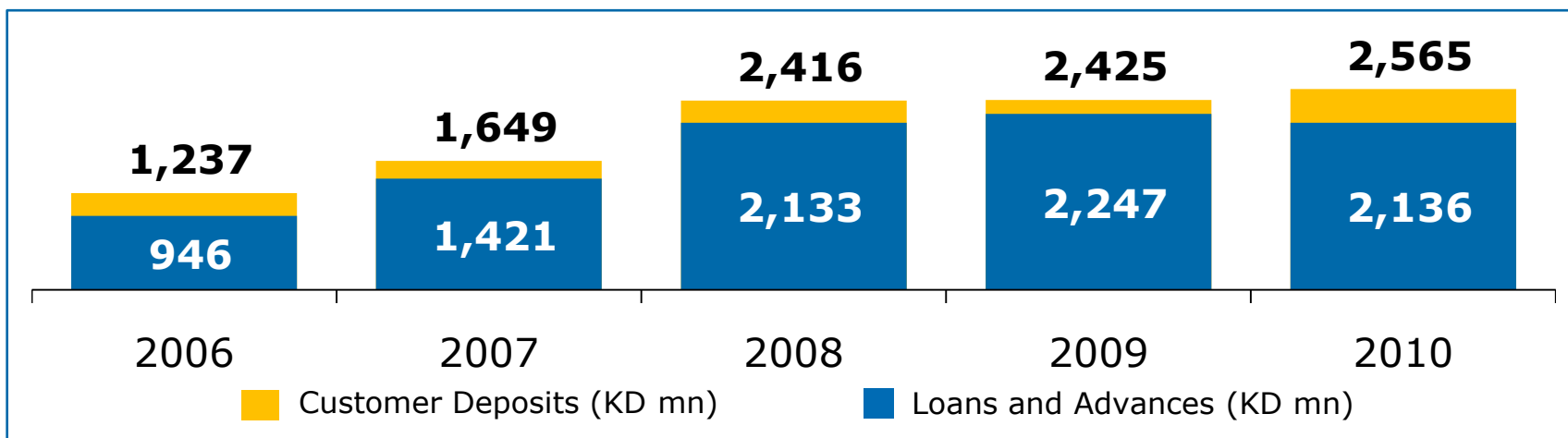
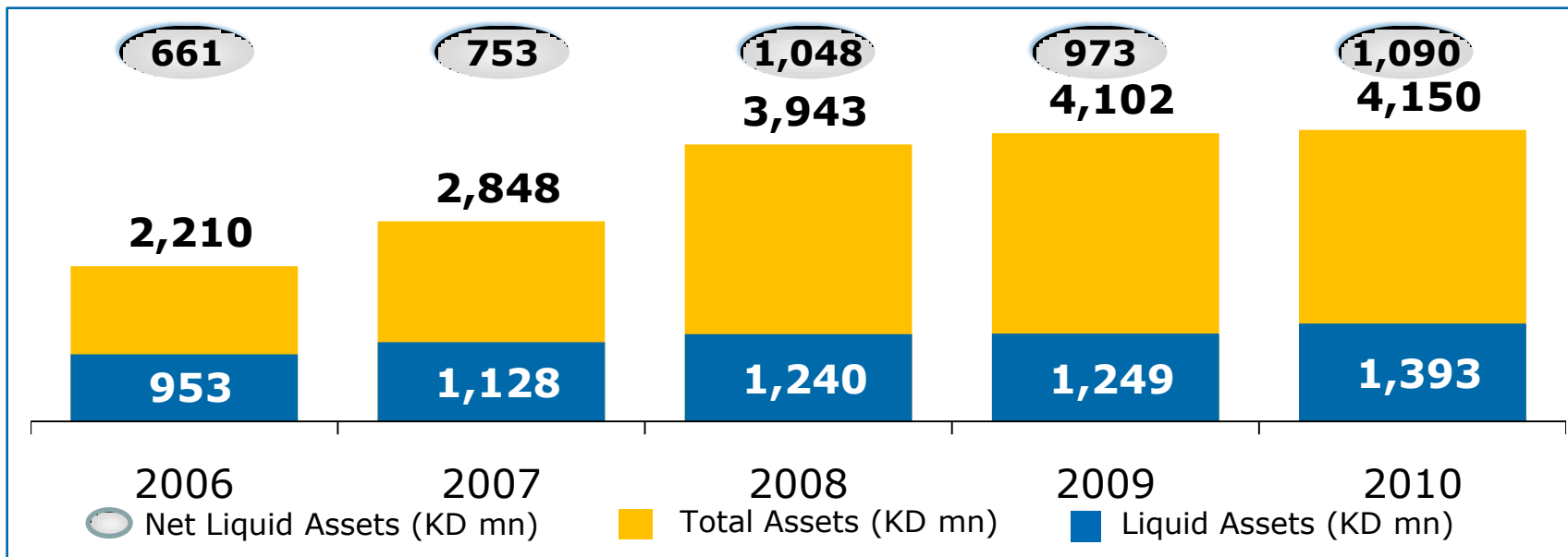


Growing revenues with adequate provisioning



2010 reflects first year of consolidation of all four subsidiaries

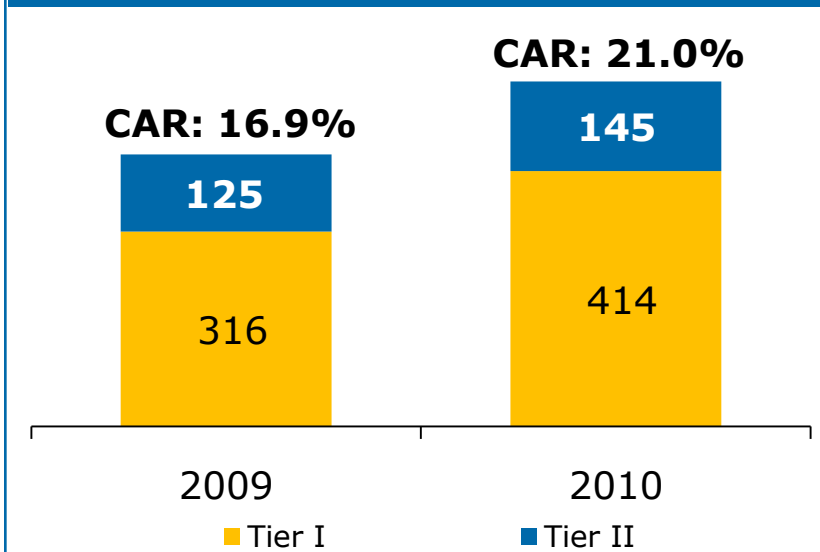
High liquidity - building deposit base



2010 reflects first year of consolidation of all four subsidiaries

Strengthened capital base to leverage growth

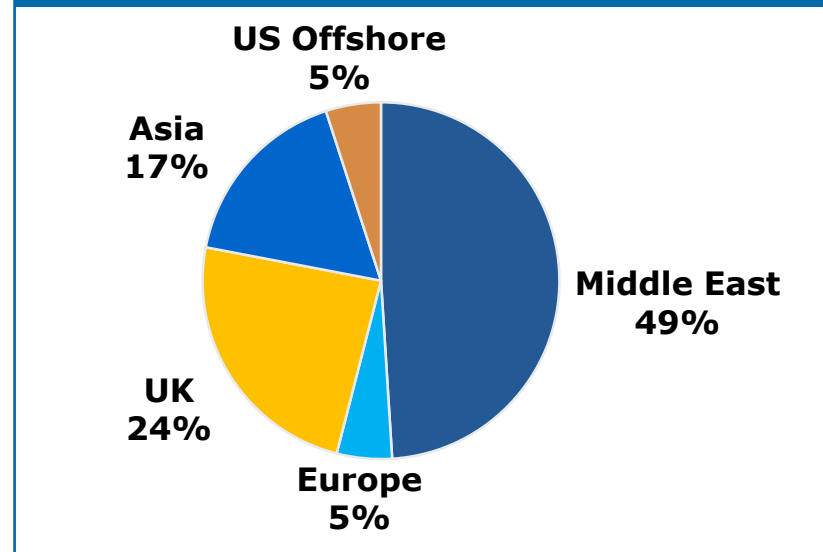
Capital breakdown (KD mn)



Rights issue – KD 100mn

- ❖ 360mn shares issued at a price of 280 fils per share (at a premium of 180 fils per share)
- ❖ Issue fully subscribed
- ❖ Reflects strong and continued support from the Bank's shareholder community

Breakdown of sub-debt order book by region



Subordinated debt – USD 400mn

- ❖ First international Tier II issuance from Kuwait
- ❖ Issue oversubscribed more than 3.8x
- ❖ 10 year bond issued at 8.125% YTM
- ❖ Diversified investor base - over 140 orders received
- ❖ Proceeds utilised to repay sub-debt from UGB

Subsidiaries: Profitable, well capitalized, poised for growth

As of Dec 2010



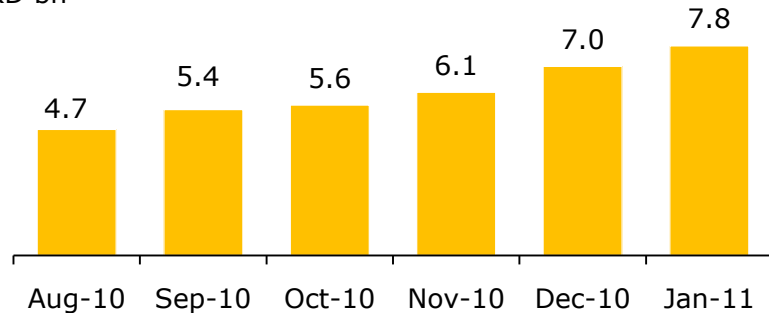
Revenue (KD mn)	44	18	9	4
Net Profit (KD mn)	20	7	3	3
CAR (CBK rules)	25.6%	26.5%	20.3%	15.2%
Assets (KD mn)	824	217	226	148
Loans (KD mn)	461	99	46	34
Deposits (KD mn)	565	145	190	71
NPL	3.3%	4.7%	13.4%*	0.7%
Total Branches	53	26	34	3
New Branches 2010	2	13	2	0
Ownership	51.1%	91.1%	51.8%	86.6%
Acquisition (Majority)	July 2008	April 2009	Jan 2010	June 2010

*100% covered with cash collateral

Outlook: Kuwait and the MENA region remain positive

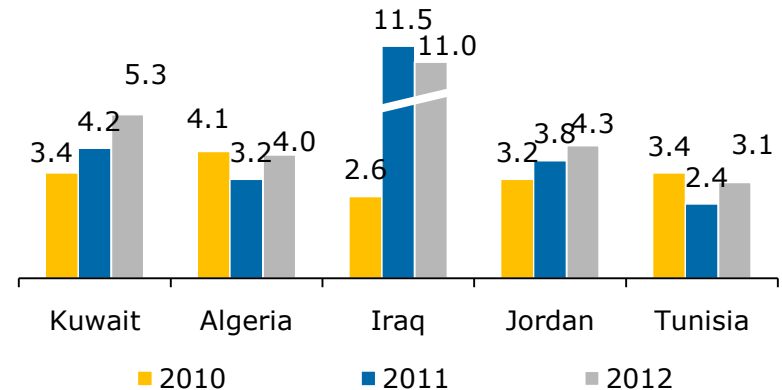
Kuwait Cumulative Budget Surplus FY2010/11

KD bn



Source: News articles

GDP Growth Rate (%)



Source: EIU, IMF

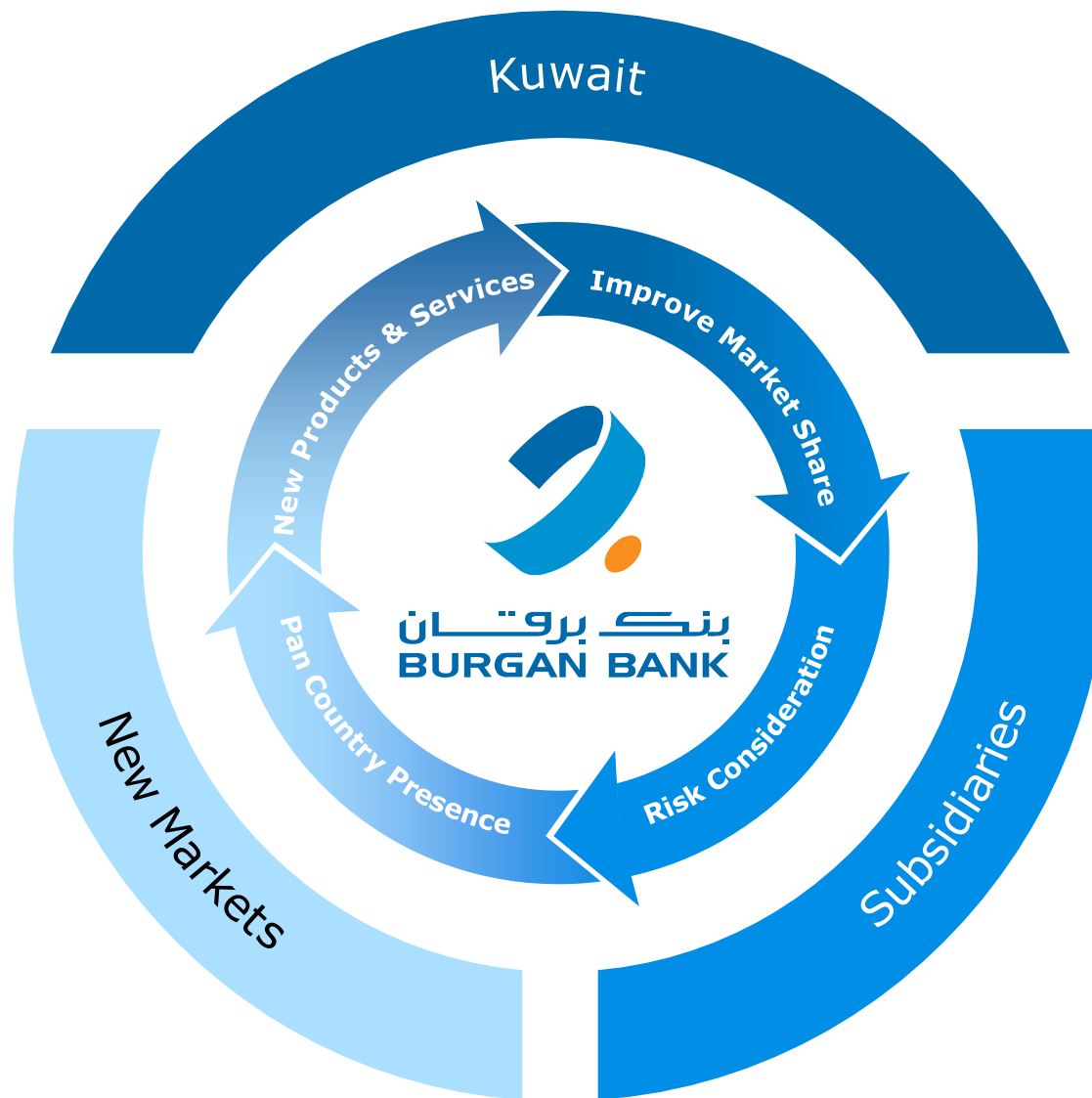
Kuwait (represents 60% of group's income)

- ❖ Stable environment - supports Kuwait being center of Burgan Bank's banking activities
- ❖ Kuwait Development Plan: 4 year ≈KD30bn plan will drive growth in coming years
- ❖ Real estate and retail sectors showing signs of recovery: real estate sales volumes up 50%YoY in 2010
- ❖ Financial sector: Improved asset quality with higher coverage of NPLs and better financial performance

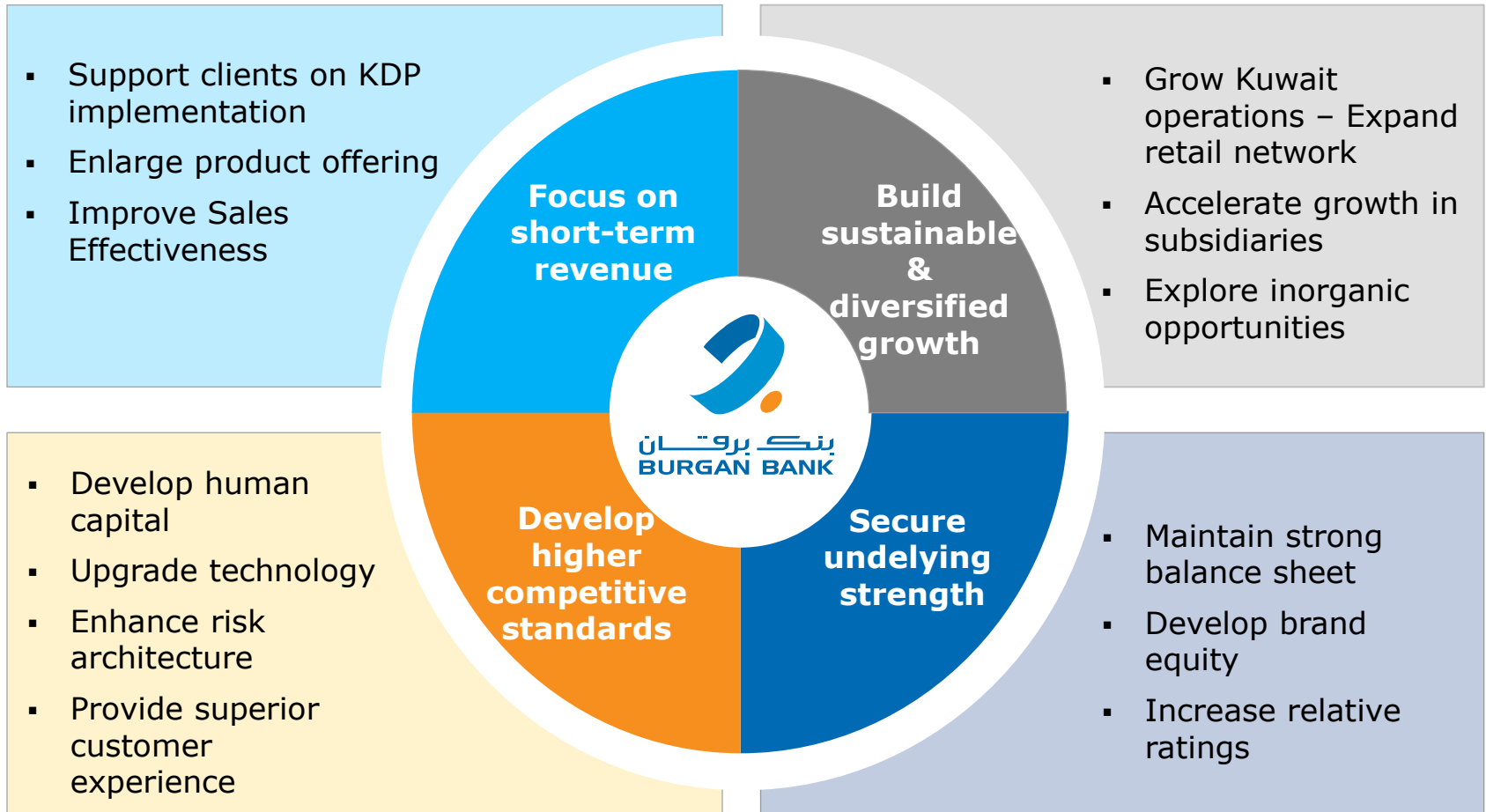
Region

- ❖ Near term outlook is challenging due to ongoing volatility - likely to impact private sector investment and risk
- ❖ Still positive outlook over medium to long term – GDP projected to increase
- ❖ Investments by governments to continue - particularly in oil based economies

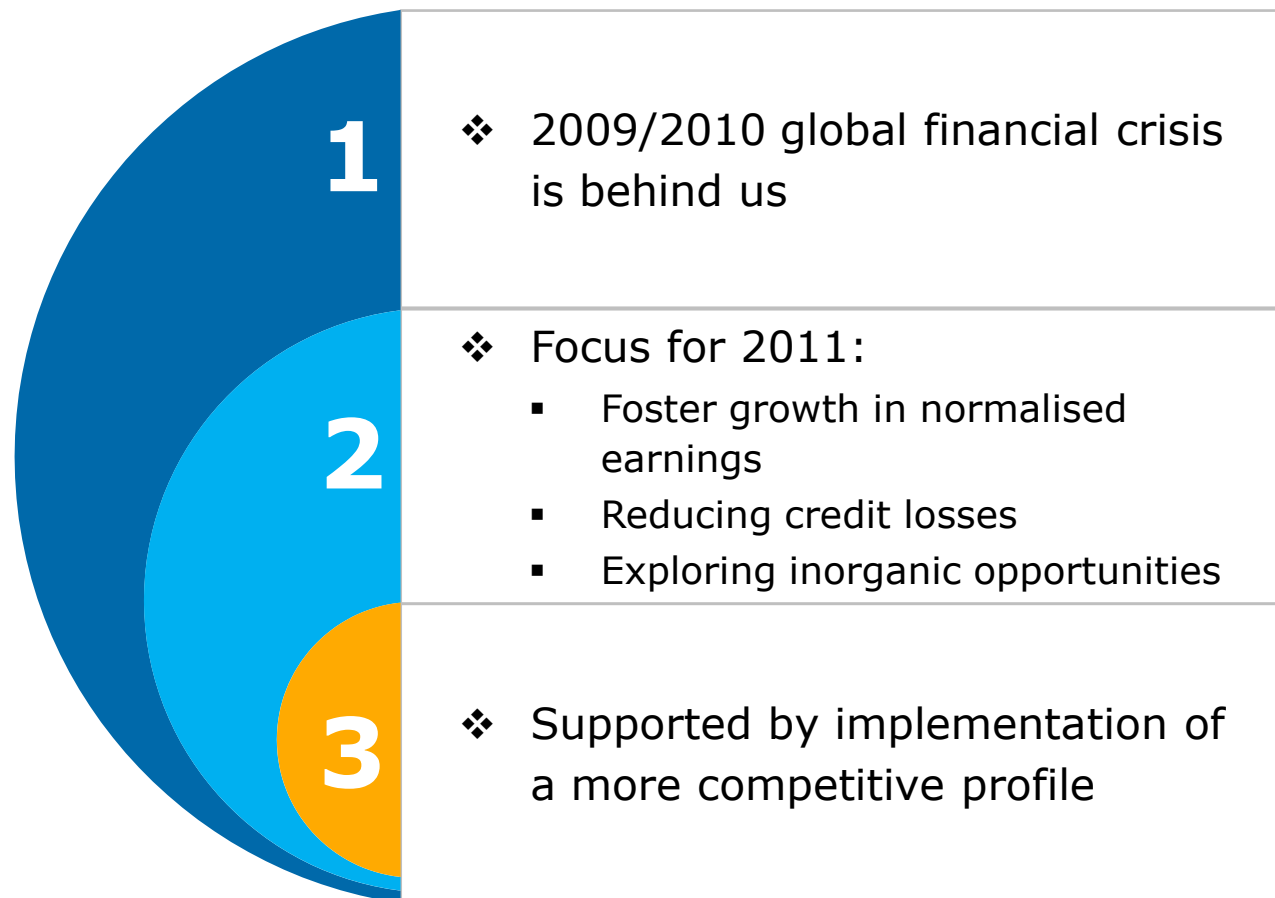
Regional strategy focus on growth



Supported by key initiatives

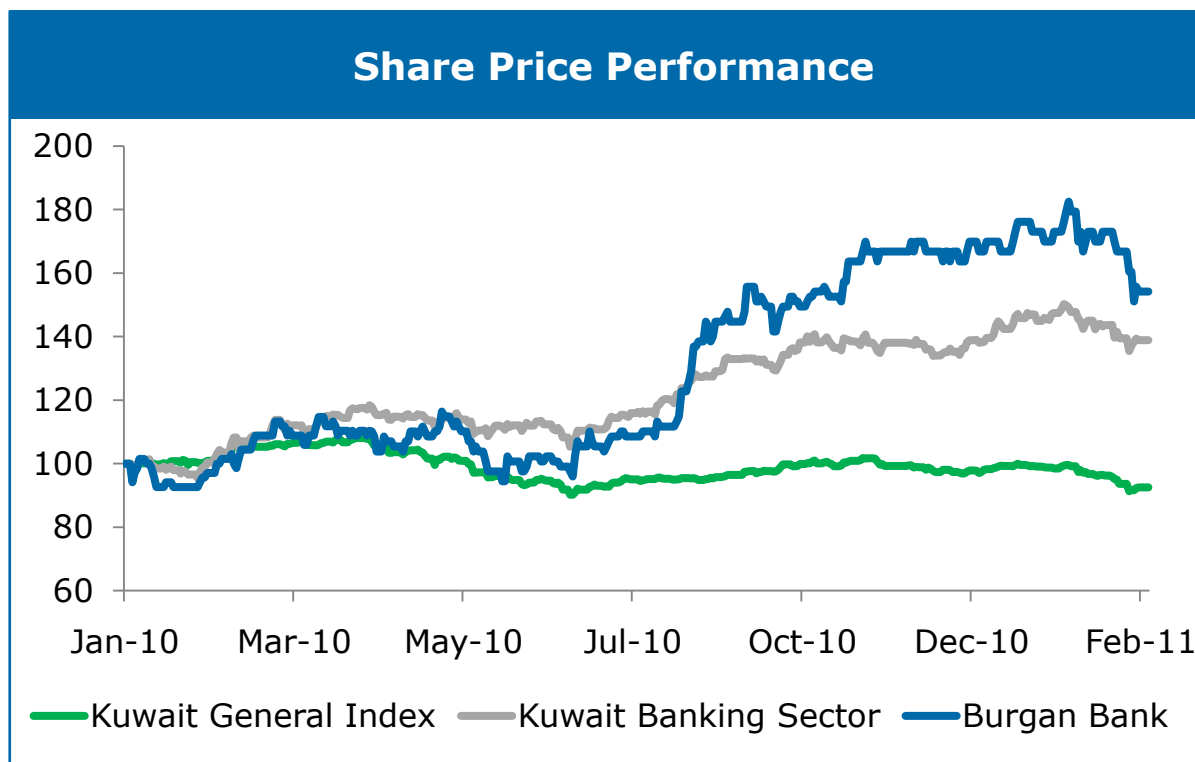


Summary



Prudence in face of uncertainties; speed of expansion conditioned by government spending and environmental changes in the region

Attractive trading multiple and share price performance



Source: Bloomberg

Prices and Index levels have been rebased to 100 as of 1 Jan 2010

P/B as of March 09, 2011

	Absolute returns	P/B (x)
Burgan Bank	54%	1.5
Banking Sector	39%	2.2
General Index	-7%	na

Thank You