

**BOUBYAN BANK K.S.C. AND SUBSIDIARIES
STATE OF KUWAIT**



**INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION
AND INDEPENDENT AUDITORS' REVIEW REPORT FOR THE PERIOD
FROM 1 JANUARY 2012 TO 30 JUNE 2012
(UNAUDITED)**

**BOUBYAN BANK K.S.C. AND SUBSIDIARIES
STATE OF KUWAIT**

**INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION
(UNAUDITED)**

For the period from 1 January 2012 to 30 June 2012



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Independent Auditors' Report on Review of Interim Condensed Consolidated Financial Information

The Board of Directors
Boubyan Bank KSC
State of Kuwait

Introduction

We have reviewed the accompanying interim condensed consolidated statement of financial position of Boubyan Bank KSC ("the Bank") and its subsidiaries (together referred to as "the Group") as at 30 June 2012, and the related interim condensed consolidated statements of income, comprehensive income, changes in equity and cash flows for the six month period then ended ("interim financial information"). Management is responsible for the preparation and presentation of this interim financial information in accordance with the basis of preparation set out in Note 2. Our responsibility is to express a conclusion on this interim financial information based on our review.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

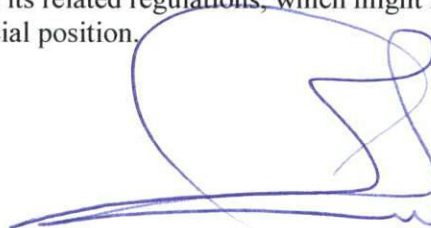
Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial information is not prepared, in all material respects, in accordance with the basis of preparation set out in Note 2.

Furthermore, based on our review, the interim financial information is in agreement with the accounting records. We further report that nothing has come to our attention indicating any contravention during the six month period ended 30 June 2012, of the Kuwait Commercial Companies Law of 1960, as amended, or of the Bank's memorandum and articles of association, or of the provisions of Law No. 32 of 1968, as amended, concerning currency, the Central Bank of Kuwait and the organisation of Banking business and its related regulations, which might have materially affected the Group's activities or its financial position.



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Kuwait: 4 July 2012

BOUBYAN BANK K.S.C. AND SUBSIDIARIES
STATE OF KUWAIT

INTERIM CONDENSED CONSOLIDATED STATEMENT
OF INCOME (UNAUDITED)

For the period from 1 January 2012 to 30 June 2012



	Notes	Three months ended 30 June		Six months ended 30 June	
		2012	2011	2012	2011
		KD'000	KD'000	KD'000	KD'000
Income					
Murabaha and other Islamic financing income		15,658	12,961	30,759	25,031
Distribution to depositors		(2,653)	(3,034)	(5,457)	(5,937)
Murabaha cost		(503)	(363)	(1,018)	(840)
Net financing income		12,502	9,564	24,284	18,254
Net investment income / (loss)	3	802	(4,247)	1,302	(771)
Net fees and commission income		1,054	864	1,948	1,871
Share of results of associates		465	770	1,378	2,398
Net foreign exchange gain		207	58	420	333
Other income		-	7	1	87
Operating income		15,030	7,016	29,333	22,172
Operating expenses					
Staff costs		(4,227)	(3,826)	(8,531)	(7,863)
General and administrative expenses		(2,413)	(2,173)	(4,480)	(3,717)
Depreciation and amortization		(408)	(385)	(833)	(769)
Operating expenses		(7,048)	(6,384)	(13,844)	(12,349)
Operating profit before provision for impairment		7,982	632	15,489	9,823
(Provision for) impairment/release of provision	4	(5,484)	1,680	(10,548)	(5,287)
Operating profit before deductions		2,498	2,312	4,941	4,536
Contribution to Kuwait Foundation for the Advancement of Sciences ("KFAS")		(26)	(22)	(49)	(42)
National Labour Support Tax ("NLST")		(33)	(63)	(102)	(122)
Zakat		(11)	(25)	(39)	(49)
Net profit for the period		2,428	2,202	4,751	4,323
Attributable to:					
Equity holders of the Bank		2,731	2,291	5,208	4,403
Non-controlling interests		(303)	(89)	(457)	(80)
Net profit for the period		2,428	2,202	4,751	4,323
Basic and diluted earnings per share attributable to the equity holders of the Bank (fils)					
	5	1.56	1.31	2.98	2.52

The notes from 1 to 16 form an integral part of this interim condensed consolidated financial information.

BOUBYAN BANK K.S.C. AND SUBSIDIARIES
STATE OF KUWAIT

INTERIM CONDENSED CONSOLIDATED STATEMENT
OF COMPREHENSIVE INCOME (UNAUDITED)

For the period from 1 January 2012 to 30 June 2012



	Three months ended 30 June		Six months ended 30 June	
	2012	2011	2012	2011
	KD'000	KD'000	KD'000	KD'000
Net profit for the period	2,428	2,202	4,751	4,323
Other comprehensive income				
Change in fair value of available for sale investments	(359)	(3,765)	(82)	(3,766)
Transferred to interim condensed consolidated statement of income on impairment of available for sale investments	-	114	-	114
Foreign currency translation adjustments	748	(56)	173	(430)
Other comprehensive income/(loss) for the period	389	(3,707)	91	(4,082)
Total comprehensive income/(loss) for the period	2,817	(1,505)	4,842	241
Attributable to:				
Equity holders of the Bank	3,120	(1,416)	5,299	321
Non-controlling interests	(303)	(89)	(457)	(80)
Total comprehensive income for the period	2,817	(1,505)	4,842	241

The notes from 1 to 16 form an integral part of this interim condensed consolidated financial information.

BOUBYAN BANK K.S.C. AND SUBSIDIARIES
STATE OF KUWAIT

INTERIM CONDENSED CONSOLIDATED STATEMENT OF
FINANCIAL POSITION (UNAUDITED)

As at 30 June 2012



		(Audited)	
	30 June 2012	31 December 2011	30 June 2011
	Notes	KD'000	KD'000
Assets			
Cash and cash equivalents	6	238,834	191,957
Due from banks		132,167	128,061
Islamic financing to customers		1,155,106	1,030,084
Financial assets at fair value through profit or loss		47,298	65,197
Available for sale investments		97,604	66,127
Investment in associates	7	11,076	26,449
Investment properties		20,053	25,613
Other assets		17,389	12,127
Property and equipment		6,156	6,179
Total assets		1,725,683	1,551,794
Liabilities and equity			
Liabilities			
Due to banks		141,291	78,987
Depositors' accounts		1,301,333	1,202,428
Other liabilities		30,956	23,211
Total liabilities		1,473,580	1,304,626
Equity			
Share capital		174,824	174,824
Share premium		62,896	62,896
Treasury shares	8	(1,024)	(1,024)
Statutory reserve		842	842
Voluntary reserve		802	802
Share based payment reserve	9	446	253
Fair value reserve		1,553	1,635
Foreign currency translation reserve		(2,191)	(2,364)
Retained earnings	10	11,383	6,381
Equity attributable to equity holders of the Bank		249,531	244,245
Non-controlling interests		2,572	2,923
Total equity		252,103	247,168
Total liabilities and equity		1,725,683	1,551,794

Adel Abdul Wahab Al-Majed
Chairman & Managing Director

The notes from 1 to 16 form an integral part of this interim condensed consolidated financial information.

**BOUBYAN BANK K.S.C. AND SUBSIDIARIES
STATE OF KUWAIT**



INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)

For the period from 1 January 2012 to 30 June 2012

	Share capital	Share premium	Treasury shares	Statutory reserve	Voluntary reserve	Share based payment reserve	Fair value reserve	Foreign currency translation reserve	Retained earnings	Attributable to equity holders of the Bank	Non-controlling interests	Total
	KD'000	KD'000	KD'000	KD'000	KD'000	KD'000	KD'000	KD'000	KD'000	KD'000	KD'000	KD'000
Balance at 31 December 2011	174,824	62,896	(1,024)	842	802	253	1,635	(2,364)	6,381	244,245	2,923	247,168
Total comprehensive income for the period	-	-	-	-	-	-	(82)	173	5,208	5,299	(457)	4,842
Share based payment (note 9)	-	-	-	-	-	193	-	-	-	193	-	193
Acquisition of non-controlling interests (note 10)	-	-	-	-	-	-	-	-	(206)	(206)	(888)	(1,094)
Net movement in non-controlling interests	-	-	-	-	-	-	-	-	-	-	994	994
Balance at 30 June 2012	174,824	62,896	(1,024)	842	802	446	1,553	(2,191)	11,383	249,531	2,572	252,103
Balance at 31 December 2010	174,824	87,728	-	3,913	3,591	-	1,943	(1,473)	(32,336)	238,190	1,920	240,110
Write off of accumulated losses	-	(24,832)	-	(3,913)	(3,591)	-	-	-	32,336	-	-	-
Purchase of treasury shares	-	-	(823)	-	-	-	-	-	-	(823)	-	(823)
Total comprehensive income for the period	-	-	-	-	-	-	(3,652)	(430)	4,403	321	(80)	241
Share based payment (note 9)	-	-	-	-	-	135	-	-	-	135	-	135
Net movement in non-controlling interests	-	-	-	-	-	-	-	-	-	-	1,098	1,098
Balance at 30 June 2011	174,824	62,896	(823)	-	-	135	(1,709)	(1,903)	4,403	237,823	2,938	240,761

The notes from 1 to 16 form an integral part of this interim condensed consolidated financial information.

**BOUBYAN BANK K.S.C. AND SUBSIDIARIES
STATE OF KUWAIT**

**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL
INFORMATION (UNAUDITED)**

For the period from 1 January 2012 to 30 June 2012



	Six months ended 30 June	
	2012 KD'000	2011 KD'000
OPERATING ACTIVITIES		
Net profit for the period	4,751	4,323
Adjustments for:		
Provision for impairment	10,548	5,287
Depreciation and amortisation	833	769
Foreign currency translation adjustments	(573)	354
Gain on sale of financial assets at fair value through profit or loss	(59)	(700)
Unrealized loss from financial assets at fair value through profit or loss	17,105	833
Share of results of associates	(1,378)	(2,398)
Dividend income	(346)	(513)
Profit on interest retained subsequent to loss of significant influence	(18,087)	-
Realized profit from partial disposal of associate	(5,703)	-
Net unrealised loss from changes in fair value of investment properties	-	2,841
Realised loss from sale of investment properties	6,727	-
Share based payment reserve	193	135
	14,011	10,931
Changes in operating assets and liabilities:		
Due from banks	(5,794)	27,024
Islamic financing to customers	(131,349)	(114,859)
Other assets	(5,260)	(13,154)
Due to banks	62,304	(31,891)
Depositors' accounts	98,906	149,689
Other liabilities	7,705	10,928
Dividend income received	346	513
Net cash generated from operating activities	40,869	39,181
INVESTING ACTIVITIES		
Purchase of financial assets at fair value through profit or loss	(950)	(2,596)
Proceeds from sale of financial assets at fair value through profit or loss	1,696	7,902
Purchase of available for sale investments	(2,734)	(6,518)
Proceeds from sale of available for sale investments	538	6,923
Proceeds from investment in associates	9,638	-
Purchase of investment properties	(1,271)	-
Purchase of property and equipment	(809)	(1,601)
Dividend received from associates	-	341
Acquisition of non-controlling interests	(1,094)	-
Net cash generated from investing activities	5,014	4,451
FINANCING ACTIVITIES		
Net movement in non-controlling interests	994	1,098
Purchase of treasury shares	-	(823)
Net cash generated from financing activities	994	275
Net increase in cash and cash equivalents	46,877	43,907
Cash and cash equivalents at beginning of the period	191,957	140,654
Cash and cash equivalents at end of the period	238,834	184,561

The notes from 1 to 16 form an integral part of this interim condensed consolidated financial information.

1. INCORPORATION AND ACTIVITIES

Boubyan Bank K.S.C. ("the Bank") is a public shareholding company incorporated on 21 September 2004, in accordance with the Commercial Companies Law in the State of Kuwait, by Amiri Decree No. 88 and in accordance with the rules and regulations of the Central Bank of Kuwait ("CBK") (Law No. 30 of 2003). The Bank's shares were listed on the Kuwait Stock Exchange on 15 May 2006.

The Bank was licensed by the CBK on 28 November 2004. The bank is principally engaged in providing banking services, in accordance with Codes of the Islamic Sharia'a, as approved by the Bank's Sharia'a Supervisory Board.

This interim condensed consolidated financial information as at and for the six months period ended 30 June 2012 incorporates the financial information of the Bank and its principal operating subsidiaries, Boubyan Takaful Insurance Company K.S.C. (Closed) and Boubyan Capital Investment Company K.S.C. (Closed), (together referred to as "the Group") and the Group's interests in associates.

The total number of employees in the Group was 783 employees as at 30 June 2012 (738 employees as at 31 December 2011, 691 employees as at 30 June 2011).

The address of the Bank's registered office is P.O. Box 25507, Safat 13116, State of Kuwait.

This interim condensed consolidated financial information was authorised for issue by the Board of Directors on 4th July 2012.

2. SIGNIFICANT ACCOUNTING POLICIES

Basis of preparation

This interim condensed consolidated financial information has been prepared in accordance with International Accounting Standard No. 34, Interim Financial Reporting, and the Kuwait Stock Exchange instruction No. 2 of 1998.

This interim condensed consolidated financial information does not include all the information and notes required for full annual financial statements prepared in accordance with International Financial Reporting Standards ("IFRS") as modified for use by the State of Kuwait for financial services institutions regulated by the CBK. These regulations require adoption of all IFRSs except for the IAS 39 requirement for collective impairment provision, which has been replaced by the CBK requirement for a minimum general provision.

The interim condensed consolidated financial information has been prepared using the same accounting policies and methods of computation with those used in the preparation of the annual audited consolidated financial statements for the year ended 31 December 2011.

In the opinion of management, all adjustment consisting of normal recurring accruals considered necessary for a fair presentation have been included. The operating results for the six-month period ended 30 June 2012 are not necessarily indicative of the results that may be expected for the year ending 31 December 2012.

The new and amended International Financial Reporting Standards ("IFRS") & International Financial Reporting Interpretations Committee ("IFRIC") effective from 1 January 2012 did not have any material impact on the accounting policies, financial position or performance of the Group.

Judgement and estimates

The preparation of interim condensed consolidated financial information requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

In preparing this interim condensed consolidated financial information, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the annual audited consolidated financial statements as at and for the year ended 31 December 2011.

BOUBYAN BANK K.S.C. AND SUBSIDIARIES
STATE OF KUWAIT

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL
 INFORMATION (UNAUDITED)



For the period from 1 January 2012 to 30 June 2012

3. NET INVESTMENT INCOME/(LOSS)

Investment income

	Three months ended 30 June		Six months ended 30 June	
	2012	2011	2012	2011
	KD'000	KD'000	KD'000	KD'000
Unrealised (loss) / gain from financial assets at fair value through profit or loss	(200)	(466)	20	1,059
Gain on sale of investments	40	61	91	754
Realized profit from partial disposal of associate – note 7	5,703	-	5,703	-
Unrealized profit on interest retained subsequent to loss of significant influence – note 7	18,087	-	18,087	-
Sukuk coupon income	432	422	858	766
Net income from investment properties	61	436	81	869
Dividend income	336	22	346	513
	24,459	475	25,186	3,961

Investment loss

	Three months ended 30 June		Six months ended 30 June	
	2012	2011	2012	2011
	KD'000	KD'000	KD'000	KD'000
Unrealised loss from financial assets at fair value through profit or loss	(16,930)	(1,851)	(17,125)	(1,891)
Unrealised loss from changes in fair value of investment properties	-	(2,871)	-	(2,841)
Loss on sale of investment properties	(6,727)	-	(6,759)	-
	(23,657)	(4,722)	(23,884)	(4,732)
Net investment income / (loss)	802	(4,247)	1,302	(771)

4. PROVISION FOR IMPAIRMENT

	Three months ended 30 June		Six months ended 30 June	
	2012	2011	2012	2011
	KD'000	KD'000	KD'000	KD'000
Provision for impairment of due from banks	1,137	-	2,807	-
Provision for impairment/ (release of) provision Islamic financing to customers	4,108	(1,790)	5,066	5,083
Provision for/(release of) impairment of non-cash facilities	132	(4)	178	90
	5,377	(1,794)	8,051	5,173
Provision for impairment of investments	107	114	2,497	114
	5,484	(1,680)	10,548	5,287

BOUBYAN BANK K.S.C. AND SUBSIDIARIES
STATE OF KUWAIT

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL
INFORMATION (UNAUDITED)



For the period from 1 January 2012 to 30 June 2012

5. BASIC AND DILUTED EARNINGS PER SHARE

Basic earnings per share are calculated by dividing the profit for the period by the weighted average number of shares outstanding during the period.

Diluted earnings per share is calculated by dividing the profit for the period by the weighted average number of shares outstanding during the period plus the weighted average number of share that would be issued on the conversion of all the dilutive potential shares into shares. The diluted earnings per share arising from the issue of employee share option does not result in any change to the reported basic earnings per share.

	Three months ended 30 June		Six months ended 30 June	
	2012	2011	2012	2011
	KD'000	KD'000	KD'000	KD'000
Net profit for the period attributable to equity holders of the Bank (KD'000)	2,731	2,291	5,208	4,403
Weighted average number of shares outstanding during the period (thousands of shares)	1,746,520	1,747,642	1,746,520	1,747,937
Earnings per share attributable to equity holders of the Bank (fils)	1.56	1.31	2.98	2.52

6. CASH AND CASH EQUIVALENTS

	30 June	(Audited) 31 December	30 June
	2012	2011	2011
	KD'000	KD'000	KD'000
Cash on hand	13,554	9,225	8,590
Balances with CBK – current account	424	177	539
Balances with banks – current accounts	5,805	11,477	3,793
Short-term Murabaha and placements with banks maturing within 7 days	219,051	171,078	171,639
	238,834	191,957	184,561

7. INVESTMENTS IN ASSOCIATES

The investments in associates comprise the following:

Name of the company	Country of incorporation	Proportion of ownership interest and voting power %			Principal activity
		30 June 2012	31 December 2011	30 June 2011	
Bank Syariah Muamalat Indonesia Tbk	Indonesia	-	25.03	4	Islamic commercial banking
United Capital Bank	Republic of Sudan	21.67	21.67	7	Islamic commercial banking
Ijarah Indonesia Finance Company	Indonesia	33.33	33.33	33.33	Islamic financing services
Saudi Projects Holding Group	Kuwait	20.00	20.00	-	Real Estate

7. INVESTMENTS IN ASSOCIATES (CONTINUED)

The Group's share in the operating results of associates was recognised based on their management accounts as at 31 May 2012.

In the prior year, the Group held a 25.03% interest in Bank Syariah Muamalat Indonesia Tbk and accounted for the investment as an associate. On 25 April 2012, the Group disposed of a 6% interest in Bank Syariah Muamalat Indonesia Tbk for a sale of consideration of KD 9,638 thousand (received in 26 April 2012). The Group has retained the remaining 19.03% interest as an available-for-sale investment whose fair value at the date of disposal was KD 30,568 thousand. This transaction has resulted in the recognition of a gain in profit or loss, calculated as follows.

	KD'000
Fair value of proceeds from the interest disposed of	9,638
Fair value of investment retained (19.03%)	30,568
Amount reclassified from other comprehensive income	(476)
Carrying amount of investment on the date of loss of significant influence	<u>(15,940)</u>
Gain recognized	<u>23,790</u>

The gain recognised in the current period comprises a realised profit of KD 5,703 thousand (being the proceeds of KD 9,638 thousand less KD 3,935 carrying amount of the interest disposed of) and an unrealised profit of KD 18,087 thousand (being the fair value less the carrying amount of the 19.03% interest retained).

8. TREASURY SHARES

The bank held the following treasury shares:

	30 June 2012	(Audited) 31 December 2011	30 June 2011
Number of treasury shares	1,715,000	1,715,000	1,380,000
Treasury shares as a percentage of total shares in issue - %	0.09810%	0.09810%	0.0789%
Cost of treasury shares – KD thousand	1,024	1,024	823
Market value of treasury shares – KD thousand	1,063	1,012	828

9. SHARED BASED PAYMENT RESERVE

The Bank operates equity settled share based compensation plans. The expense accrued on account of share based compensation plans for the period ended 30 June 2012 amounting to **KD 193 thousand** (30 June 2011: KD 135 thousand) and has been included as part of staff expenses in the interim condensed consolidated statement of income.

10. ACQUISITION OF NON-CONTROLLING INTERESTS

The Group acquired an additional 10% equity interest in Boubyan Takaful Insurance Company K.S.C (closed) during the period for **KD 1,094 thousand**, increasing its ownership interest to 67.63%. The difference between the consideration and the carrying value of the interest acquired amounting to **KD 206 thousand** has been recognized in retained earnings within equity.

**BOUBYAN BANK K.S.C. AND SUBSIDIARIES
STATE OF KUWAIT**

**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL
INFORMATION (UNAUDITED)**

For the period from 1 January 2012 to 30 June 2012



11. RELATED PARTY TRANSACTIONS

Related parties comprise the major shareholders, board of directors, entities controlled by them or under their joint control, associates, key management personnel and their close family members. Balances with related parties arise from commercial transactions in the normal course of business on an arm's length basis and are included within the following financial information captions:

	Number of board members or executive officers		Number of related parties				KD'000	KD'000	KD'000
	30 June 2012	31 December 2011	30 June 2012	31 December 2011	30 June 2011	30 June 2012			
	(Audited)								
Due from related parties:									
Cash and cash equivalent	-	-	1	1	1	35,439	18,002	48,332	
Due from banks	-	-	-	1	-	-	5,001	-	
Islamic financing to customers	11	10	2	1	1	9,923	13,653	33,882	
Due to related parties:									
Due to banks	-	-	2	3	2	28,488	25,251	13,524	
Depositors' accounts	11	11	6	5	3	28,964	14,548	8,615	
Transactions with related parties:									
Letters of guarantee and letters of credit	3	4	1	-	-	7,550	460	3,236	
Revenues	4	10	3	3	2	156	906	1,110	
Expenses	-	-	4	7	3	(230)	(400)	(225)	
Proceed from disposal of an investment in associate to related party	-	-	1	-	-	9,638	-	-	

**BOUBYAN BANK K.S.C. AND SUBSIDIARIES
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**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL
INFORMATION (UNAUDITED)**

For the period from 1 January 2012 to 30 June 2012



11. RELATED PARTY TRANSACTIONS (CONTINUED)

Compensation of key management personnel

Details of compensations for key management comprise the following:

	Three months ended 30 June		Six months ended 30 June	
	2012	2011	2012	2011
	KD'000	KD'000	KD'000	KD'000
Short-term benefits	254	240	507	548
Post-employment benefits	45	113	84	159
	<u>299</u>	<u>353</u>	<u>591</u>	<u>707</u>

12. CONTINGENCIES AND COMMITMENTS

At the reporting date there were outstanding contingencies and commitments entered in the ordinary course of business in respect of the following:

	(Audited)		
	30 June 2012	31 December 2011	30 June 2011
	KD'000	KD'000	KD'000
Guarantees	131,868	111,142	85,410
Acceptances and letters of credit	46,406	34,901	32,700
Capital commitments (Projects under construction)	820	856	682
Credit commitments	9,075	20,158	8,076
	<u>188,169</u>	<u>167,057</u>	<u>126,868</u>

13. SEGMENT REPORTING

Operating segments are identified on the basis of internal reports that are regularly reviewed by the decision makers in order to allocate resources to the segments and to assess their performance. The operating segments are divided as either business segments or geographical segments.

Business Segments

For management purposes, the Bank is organized into the following four major business segments:

Consumer banking: Provides a diversified range of products and services to individuals and institutional clients. The range includes consumer finance, credit cards, deposits and other branch related services.

Corporate banking: Provides Murabaha, Ijarah, trade service and other related services to business and corporate customers.

Investment banking: Principally handling direct investments, local and international real estate investment and asset management.

Treasury: Principally handling local and international Murabaha and other Islamic financing, primarily with financial institutions, as well as the management of the Bank's funding operations.

Group centre: Includes other group activities and residual in respect of transfer pricing and inter segment allocation.

**BOUBYAN BANK K.S.C. AND SUBSIDIARIES
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**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL
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For the period from 1 January 2012 to 30 June 2012



13. SEGMENT REPORTING (CONTINUED)

Three months ended 30 June 2012

	Consumer banking	Corporate banking	Investment banking	Treasury	Group centre	Total
	KD'000	KD'000	KD'000	KD'000	KD'000	KD'000
Segment revenues	5,785	6,839	(2,660)	2,376	2,690	15,030
Segment expenses	(3,649)	(5,916)	(778)	(101)	(2,158)	(12,602)
Segment results	<u>2,136</u>	<u>923</u>	<u>(3,438)</u>	<u>2,275</u>	<u>532</u>	<u>2,428</u>

Three months ended 30 June 2011

	Consumer banking	Corporate banking	Investment Banking	Treasury	Group centre	Total
	KD'000	KD'000	KD'000	KD'000	KD'000	KD'000
Segment revenues	3,541	6,534	(3,450)	1,677	(1,286)	7,016
Segment expenses	(3,093)	(783)	(659)	(160)	(119)	(4,814)
Segment results	<u>448</u>	<u>5,751</u>	<u>(4,109)</u>	<u>1,517</u>	<u>(1,405)</u>	<u>2,202</u>

Six months ended 30 June 2012

	Consumer banking	Corporate banking	Investment banking	Treasury	Group centre	Total
	KD'000	KD'000	KD'000	KD'000	KD'000	KD'000
Segment revenues	10,842	13,767	(2,189)	4,490	2,423	29,333
Segment expenses	(6,680)	(8,610)	(3,889)	(216)	(5,187)	(24,582)
Segment results	<u>4,162</u>	<u>5,157</u>	<u>(6,078)</u>	<u>4,274</u>	<u>(2,764)</u>	<u>4,751</u>
Segment assets	<u>322,925</u>	<u>900,775</u>	<u>167,454</u>	<u>350,227</u>	<u>(15,698)</u>	<u>1,725,683</u>
Segment liabilities	<u>530,589</u>	<u>119,198</u>	<u>4,091</u>	<u>803,646</u>	<u>16,056</u>	<u>1,473,580</u>

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13. SEGMENT REPORTING (CONTINUED)

Six months ended 30 June 2011

	<u>Consumer banking</u>	<u>Corporate banking</u>	<u>Investment Banking</u>	<u>Treasury</u>	<u>Group centre</u>	<u>Total</u>
	KD'000	KD'000	KD'000	KD'000	KD'000	KD'000
Segment revenues	6,565	12,696	632	3,335	(1,056)	22,172
Segment expenses	(5,604)	(1,749)	(1,090)	(316)	(9,090)	(17,849)
Segment results	<u>961</u>	<u>10,947</u>	<u>(458)</u>	<u>3,019</u>	<u>(10,146)</u>	<u>4,323</u>
Segment assets	<u>191,650</u>	<u>821,122</u>	<u>192,918</u>	<u>295,592</u>	<u>(55,881)</u>	<u>1,445,401</u>
Segment liabilities	<u>378,780</u>	<u>121,473</u>	<u>13,705</u>	<u>696,768</u>	<u>(6,086)</u>	<u>1,204,640</u>

14. FINANCIAL RISK MANAGEMENT

All aspects of the Group's financial risk management objectives and policies are consistent with that disclosed in the annual audited consolidated financial statements for the year ended 31 December 2011.

15. FIDUCIARY ASSETS

The aggregate value of assets held in a trust or fiduciary capacity by the Group at 30 June 2012 amounted to **KD 72,159 thousand** (31 December 2011: KD 59,241 thousand and 30 June 2011: KD 30,484 thousand).

16. COMPARATIVE FIGURES

Certain comparative figures have been reclassified to conform to the current period's presentation. Such reclassifications did not affect previously reported profit or loss, equity or opening balances of the earliest comparative period presented; accordingly a third interim condensed consolidated statement of financial position is not presented.