

**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 2011 TO 30 JUNE 2011
(UNAUDITED)**

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

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

For the period from 1 January 2011 to 30 June 2011



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

The Board of Directors
Boubyan Bank K.S.C.
State of Kuwait

Introduction

We have reviewed the accompanying interim condensed consolidated statement of financial position of Boubyan Bank K.S.C. ("the Bank") and its subsidiaries (together referred to as "the Group") as at 30 June 2011, and the related interim condensed consolidated statements of income, comprehensive income, changes in equity and cash flows for the six month period then ended. Management is responsible for the preparation and presentation of this interim condensed consolidated financial information in accordance with the basis of preparation set out in Note 2. Our responsibility is to express a conclusion on this interim condensed consolidated 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 condensed consolidated financial information as at 30 June 2011 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 condensed consolidated 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 2011, 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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Member firm of KPMG International

10 July, 2011
Kuwait

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

INTERIM CONDENSED CONSOLIDATED STATEMENT
OF INCOME (UNAUDITED)



For the period from 1 January 2011 to 30 June 2011

	Notes	Three months ended 30 June		Six months ended 30 June	
		2011	2010	2011	2010
		KD'000	KD'000	KD'000	KD'000
Income					
Murabaha and other Islamic financing income		13,257	9,716	25,509	18,536
Investment income	3	475	1,984	3,961	3,501
Net fees and commissions income		1,017	1,477	2,142	4,917
Share of results of associates	7	770	416	2,398	623
Net foreign exchange gain /(loss)		58	177	333	(5)
Other income		15	44	103	50
		<u>15,592</u>	<u>13,814</u>	<u>34,446</u>	<u>27,622</u>
Expenses					
Staff costs		(3,826)	(3,163)	(7,863)	(6,283)
General and administrative expenses		(2,629)	(2,287)	(4,482)	(4,082)
Depreciation and amortization		(386)	(389)	(769)	(780)
		<u>(6,841)</u>	<u>(5,839)</u>	<u>(13,114)</u>	<u>(11,145)</u>
Profit before Murabaha cost, investment loss, provision for impairment and distribution to depositors					
		8,751	7,975	21,332	16,477
Murabaha cost		(363)	(455)	(840)	(845)
Investment loss	3	(4,836)	(718)	(4,846)	(1,005)
Release of provision/(provision for) impairment		1,794	(3,367)	(5,173)	(7,365)
Profit before distribution to depositors		<u>5,346</u>	<u>3,435</u>	<u>10,473</u>	<u>7,262</u>
Distribution to depositors		(3,034)	(1,938)	(5,937)	(4,076)
Profit after distribution to depositors		<u>2,312</u>	<u>1,497</u>	<u>4,536</u>	<u>3,186</u>
Provision for contribution to Kuwait Foundation for the Advancement of Sciences ("KFAS")		(22)	(13)	(42)	(28)
Provision for National Labour Support Tax ("NLST")		(63)	(36)	(122)	(79)
Provision for Zakat		(25)	(15)	(49)	(32)
Net profit for the period		<u>2,202</u>	<u>1,433</u>	<u>4,323</u>	<u>3,047</u>
Attributable to:					
Equity holders of the Bank		2,291	1,404	4,403	3,024
Non-controlling interests		(89)	29	(80)	23
		<u>2,202</u>	<u>1,433</u>	<u>4,323</u>	<u>3,047</u>
Earnings per share attributable to the equity holders of the Bank (fils)					
	4	<u>1.31</u>	<u>0.82</u>	<u>2.52</u>	<u>1.85</u>

The notes from 1 to 15 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 2011 to 30 June 2011

	Three months ended 30 June		Six months ended 30 June	
	2011	2010	2011	2010
	KD'000	KD'000	KD'000	KD'000
Net profit for the period	2,202	1,433	4,323	3,047
Other comprehensive income				
Change in fair value of available for sale investments	(3,765)	(527)	(3,766)	(1,179)
Transferred to interim condensed consolidated statement of income on impairment of available for sale investments	114	431	114	579
Foreign currency translation adjustments	(56)	(375)	(430)	(98)
Other comprehensive loss for the period	(3,707)	(471)	(4,082)	(698)
Total comprehensive (loss)/ income for the period	(1,505)	962	241	2,349
Attributable to:				
Equity holders of the Bank	(1,416)	944	321	2,342
Non-controlling interests	(89)	18	(80)	7
	(1,505)	962	241	2,349

The notes from 1 to 15 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 2011



		30 June 2011	(Audited) 31 December 2010	30 June 2010
	Notes	KD'000	KD'000	KD'000
Assets				
Cash and cash equivalents		39,286	40,661	49,052
Due from banks	5	291,512	278,979	238,367
Islamic financing to customers	6	919,587	824,567	710,721
Financial assets at fair value through profit or loss		44,549	45,705	46,299
Available for sale investments		68,988	58,639	58,694
Investment in associates	7	22,638	21,080	15,209
Trading properties		2,739	2,800	2,903
Investment properties		29,077	30,788	32,432
Other assets		21,517	8,306	7,949
Property and equipment		5,508	4,733	4,520
Total assets		1,445,401	1,316,258	1,166,146
Liabilities and equity				
Liabilities				
Due to banks		88,639	120,854	94,389
Depositors' accounts		1,090,717	941,028	820,235
Other liabilities		25,419	14,266	14,324
Total liabilities		1,204,775	1,076,148	928,948
Equity				
Share capital		174,824	174,824	174,824
Share premium		62,896	87,728	87,730
Treasury shares	9	(823)	-	-
Statutory reserve		-	3,913	3,913
Voluntary reserve		-	3,591	3,591
Fair value reserve		(1,709)	1,943	651
Foreign currency translation reserve		(1,903)	(1,473)	(68)
Retained earnings / (accumulated losses)		4,403	(32,336)	(35,421)
Equity attributable to equity holders of the Bank		237,688	238,190	235,220
Non-controlling interests		2,938	1,920	1,978
Total equity		240,626	240,110	237,198
Total liabilities and equity		1,445,401	1,316,258	1,166,146

Adel Abdul Wahab Al-Majed
 Vice Chairman & Managing Director

The notes from 1 to 15 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 2011 to 30 June 2011



	Share capital	Share premium	Treasury shares	Statutory reserve	Voluntary reserve	Fair value reserve	Foreign currency translation reserve	(Accumulated losses) / 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
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 (note 14)	-	(24,832)	-	(3,913)	(3,591)	-	-	32,336	-	-	-
Purchases of treasury shares	-	-	(823)	-	-	-	-	-	(823)	-	(823)
Total comprehensive income for the period	-	-	-	-	-	(3,652)	(430)	4,403	321	(80)	241
Net movement in non controlling interests	-	-	-	-	-	-	-	-	-	1,098	1,098
Balance at 30 June 2011	<u>174,824</u>	<u>62,896</u>	<u>(823)</u>	<u>-</u>	<u>-</u>	<u>(1,709)</u>	<u>(1,903)</u>	<u>4,403</u>	<u>237,688</u>	<u>2,938</u>	<u>240,626</u>
Balance at 31 December 2009	116,531	280	-	3,913	3,591	1,235	30	(38,445)	87,135	1,971	89,106
Issue of share capital	58,293	87,450	-	-	-	-	-	-	145,743	-	145,743
Total comprehensive income for the period	-	-	-	-	-	(584)	(98)	3,024	2,342	7	2,349
Balance at 30 June 2010	<u>174,824</u>	<u>87,730</u>	<u>-</u>	<u>3,913</u>	<u>3,591</u>	<u>651</u>	<u>(68)</u>	<u>(35,421)</u>	<u>235,220</u>	<u>1,978</u>	<u>237,198</u>

The notes from 1 to 15 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 CASH FLOWS
(UNAUDITED)**



For the period from 1 January 2011 to 30 June 2011

	Six months ended 30 June	
	2011	2010
	KD'000	KD'000
OPERATING ACTIVITIES		
Net profit for the period	4,323	3,047
Adjustments for:		
Provision for impairment	5,173	7,365
Depreciation and amortisation	769	780
Foreign currency translation adjustments	354	3,283
Impairment loss on available for sale investments	114	719
Gain on sale of investments	(754)	(224)
Unrealized (gain)/loss from financial assets at fair value through profit or loss	(329)	231
Share of results of associates	(2,398)	(623)
Dividend income	(513)	(416)
Unrealised loss from changes in fair value of investment properties	2,841	-
	9,580	14,162
Changes in operating assets and liabilities:		
Due from banks	(13,434)	(70,880)
Islamic financing to customers	(114,859)	(138,330)
Other assets	(13,211)	(124)
Due to banks	(31,891)	(62,392)
Depositors' accounts	149,689	111,278
Other liabilities	11,063	4,301
Dividend income received	513	416
Net cash used in operating activities	(2,550)	(141,569)
INVESTING ACTIVITIES		
Purchase of financial assets at fair value through profit or loss	-	(6,919)
Proceeds from sale of financial assets at fair value through profit or loss	1,698	25
Purchase of available for sale investments	(6,518)	(2,491)
Proceeds from sale / redemption of available for sale investments	6,923	9,225
Purchase of investment properties	-	(2,120)
Proceeds from sale of investment properties	-	2,915
Purchase of investment in associates	-	(6,358)
Dividend received from associate	341	-
Purchase of property and equipment	(1,544)	(991)
Net cash generated by/(used) in investing activities	900	(6,714)
FINANCING ACTIVITIES		
Issue of share capital	-	145,727
Net movement in non controlling interests	1,098	-
Purchase of treasury shares	(823)	-
Net cash generated by financing activities	275	145,727
Net decrease in cash and cash equivalents	(1,375)	(2,556)
Cash and cash equivalents at the beginning of the period	40,661	51,608
Cash and cash equivalents at the end of the period	39,286	49,052

The notes from 1 to 15 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 2011 to 30 June 2011

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 Kuwait Stock Exchange on 15 May 2006.

The Bank was licensed by the CBK on 28 November 2004 and 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 2011 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 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 10 July 2011 .

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 operating results for the six-month period ended 30 June 2011 are not necessarily indicative of the results that may be expected for the year ending 31 December 2011.

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 2010, except for changes resulting from amendments to IFRS.

During the period, the Group has adopted all the standards that came into effect for annual period beginning on 1 January 2011.

None of the new standards that came into effect during the six months period ended 30 June 2011 have a material impact on the interim condensed consolidated financial information.

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 2010.

**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 2011 to 30 June 2011

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Treasury Shares

Treasury shares consist of the Bank's own shares that have been issued, subsequently reacquired by the Bank and not yet reissued or cancelled. The treasury shares are accounted for using the cost method. Under the cost method, the weighted average cost of the shares reacquired is charged to a contra equity account. When the treasury shares are reissued, gains are credited to a separate account in equity (treasury shares reserve) which is not distributable. Any realised losses are charged to the same account to the extent of the credit balance on that account.

Any excess losses are charged to retained earnings then reserves. Gains realised subsequently on the sale of treasury shares are first used to offset any previously recorded losses in the order of reserves, retained earnings and the gain on sale of treasury shares account. No cash dividends are paid on these shares. The issue of bonus shares increases the number of treasury shares proportionately and reduces the average cost per share without affecting the total cost of treasury shares.

3. INVESTMENT INCOME / LOSS

Investment income

	Three months ended 30 June		Six months ended 30 June	
	2011	2010	2011	2010
	KD'000	KD'000	KD'000	KD'000
Unrealised (loss) / gain from financial assets at fair value through profit or loss	(466)	941	1,059	1,458
Gain on sale of investments	61	-	754	2
Gain on sale of investments properties	-	-	-	222
Sukuk coupon income	422	257	766	545
Net rental income from investment properties	436	385	869	858
Dividend income	22	401	513	416
	<u>475</u>	<u>1,984</u>	<u>3,961</u>	<u>3,501</u>

Investment loss

	Three months ended 30 June		Six months ended 30 June	
	2011	2010	2011	2010
	KD'000	KD'000	KD'000	KD'000
Unrealised loss from financial assets at fair value through profit or loss	(1,851)	(147)	(1,891)	(286)
Impairment loss on available for sale investments	(114)	(571)	(114)	(719)
Unrealized loss from change in fair value of investment properties	(2,871)	-	(2,841)	-
	<u>(4,836)</u>	<u>(718)</u>	<u>(4,846)</u>	<u>(1,005)</u>
Net investment (loss) / income	<u>(4,361)</u>	<u>1,266</u>	<u>(885)</u>	<u>2,496</u>

**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 2011 to 30 June 2011

4. EARNINGS PER SHARE

There are no potential dilutive ordinary shares. The information necessary to calculate basic earnings per share based on weighted average number of shares outstanding during the period is as follows:

	Three months ended 30 June		Six months ended 30 June	
	2011	2010	2011	2010
	KD'000	KD'000	KD'000	KD'000
Net profit for the period attributable to equity holders of the Bank	2,291	1,404	4,403	3,024
Weighted average number of shares outstanding (thousands of shares)	1,747,642	1,712,274	1,747,937	1,632,263
Earnings per share attributable to equity holders of the bank (fils)	1.31	0.82	2.52	1.85

5. DUE FROM BANKS

	30 June		(Audited) 31 December	30 June
	2011	2010	2010	2010
	KD'000	KD'000	KD'000	KD'000
Balance	291,659	279,090	279,090	271,269
Less: deferred profit	(147)	(111)	(111)	(147)
	291,512	278,979	278,979	271,122
Less: provision for impairment	-	-	-	(32,755)
	291,512	278,979	278,979	238,367

The fair values of due from banks do not differ significantly from their respective book values.

6. ISLAMIC FINANCING TO CUSTOMERS

	30 June		(Audited) 31 December	30 June
	2011	2010	2010	2010
	KD'000	KD'000	KD'000	KD'000
Balance	1,019,952	897,323	897,323	785,570
Less: deferred profit	(66,753)	(48,562)	(48,562)	(38,916)
	953,199	848,761	848,761	746,654
Less: provision for impairment	(33,612)	(24,194)	(24,194)	(35,933)
	919,587	824,567	824,567	710,721

**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 2011 to 30 June 2011

7. INVESTMENT IN ASSOCIATES

The investments in associates comprise the following:

Name of the associate	Country	Proportion of ownership and voting power %	Principal activity
United Capital Bank	Republic of Sudan	21.67	Islamic commercial banking services
Bank Syariah Muamalat Indonesia Tbk	Indonesia	24.94	Islamic commercial banking services
Ijarah Indonesia Finance Company	Indonesia	33.33	Islamic financing services

The Group's share in the operating results of associates was recognised based on their management accounts as at 31 May 2011.

8. 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:

	30 June 2011	(Audited) 31 December 2010	30 June 2010
	KD'000	KD'000	KD'000
Due from related parties:			
Due from banks	48,332	118,495	54,083
Islamic financing to customers	33,882	33,307	39,247
Due to related parties:			
Due to banks	13,524	49,484	42,676
Depositors' accounts	8,615	1,424	3,054
Transactions with related parties:			
Letters of guarantee and letters of credit	3,236	3,117	2,856
Revenues	1,110	3,571	1,879
Expenses	(225)	(663)	(349)

Compensation of key management personnel

Details of compensations for key management comprise the following:

	Three months ended 30 June		Six months ended 30 June	
	2011	2010	2011	2010
	KD'000	KD'000	KD'000	KD'000
Short-term benefits	240	712	548	457
Post-employment benefits	113	68	159	170
	<u>353</u>	<u>780</u>	<u>707</u>	<u>627</u>

**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 2011 to 30 June 2011

9. TREASURY SHARES

The bank held the following treasury shares as at 30 June 2011:

	30 June 2011	(Audited) 31 December 2010	30 June 2010
Number of treasury shares	1,380,000	-	-
Treasury shares as a percentage of total shares in issue - %	0.0789%	-	-
Cost of treasury shares – KD thousand	823	-	-
Market value of treasury shares – KD thousand	828	-	-

10. 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:

	30 June 2011	(Audited) 31 December 2010	30 June 2010
	KD'000	KD'000	KD'000
Guarantees	85,410	81,334	58,590
Acceptances and letters of credit	32,700	21,377	19,732
Investment commitments	-	-	585
Capital commitments (projects under construction)	682	1,479	778
Credit commitments	8,076	8,014	33,058
	<u>126,868</u>	<u>112,204</u>	<u>112,743</u>

11. 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.

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
INFORMATION (UNAUDITED)



For the period from 1 January 2011 to 30 June 2011

11. SEGMENT REPORTING

Three 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/(expenses)	5,726	11,264	2,524	4,618	(8,540)	15,592
Segment (expenses)/revenues	<u>(5,402)</u>	<u>(5,400)</u>	<u>(6,618)</u>	<u>(3,101)</u>	<u>7,131</u>	<u>(13,390)</u>
Segment results	<u>324</u>	<u>5,864</u>	<u>(4,094)</u>	<u>1,517</u>	<u>(1,409)</u>	<u>2,202</u>

Three months ended 30 June 2010

	<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/(expenses)	3,303	8,301	2,717	3,533	(4,040)	13,814
Segment (expenses)/revenues	<u>(3,819)</u>	<u>(5,152)</u>	<u>(1,514)</u>	<u>(2,861)</u>	<u>965</u>	<u>(12,381)</u>
Segment results	<u>(516)</u>	<u>3,149</u>	<u>1,203</u>	<u>672</u>	<u>(3,075)</u>	<u>1,433</u>

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>
Segment revenues/(expenses)	11,150	21,497	7,589	9,466	(15,256)	34,446
Segment (expenses)/revenues	<u>(9,886)</u>	<u>(10,852)</u>	<u>(8,047)</u>	<u>(6,447)</u>	<u>5,109</u>	<u>(30,123)</u>
Segment results	<u>1,264</u>	<u>10,645</u>	<u>(458)</u>	<u>3,019</u>	<u>(10,147)</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>498,336</u>	<u>1,917</u>	<u>13,705</u>	<u>696,768</u>	<u>(5,951)</u>	<u>1,204,775</u>

**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 2011 to 30 June 2011

11. SEGMENT REPORTING

Six months ended 30 June 2010

	Consumer banking	Corporate banking	Investment banking	Treasury	Group centre	Total
	KD'000	KD'000	KD'000	KD'000	KD'000	KD'000
Segment revenues/(expenses)	6,595	16,619	4,056	6,202	(5,850)	27,622
Segment (expenses)/revenues	<u>(7,510)</u>	<u>(10,490)</u>	<u>(2,463)</u>	<u>(7,466)</u>	<u>3,354</u>	<u>(24,575)</u>
Segment results	<u>(915)</u>	<u>6,129</u>	<u>1,593</u>	<u>(1,264)</u>	<u>(2,496)</u>	<u>3,047</u>
Segment assets	<u>98,415</u>	<u>681,491</u>	<u>188,227</u>	<u>234,658</u>	<u>(36,645)</u>	<u>1,166,146</u>
Segment liabilities	<u>364,099</u>	<u>317</u>	<u>9,484</u>	<u>572,892</u>	<u>(17,844)</u>	<u>928,948</u>

12. FINANCIAL RISK MANAGEMENT

All aspects of the Group's financial risk management objectives and policies are consistent with that disclosed in the consolidated financial statements for the year ended 31 December 2010.

13. FIDUCIARY ASSETS

The aggregate value of assets held in a trust or fiduciary capacity by the Group at 30 June 2011 amounted to KD 30,484 thousand (31 December 2010: KD 30,851 thousand and 30 June 2010: KD 36,852 thousand).

14. WRITE OFF OF ACCUMULATED LOSSES

The Bank's general assembly meeting held on 17 March 2011 approved write-off of accumulated losses of KD 32,336 thousand in the Bank's financial position as at 31 December 2010 against voluntary reserve of KD 3,591 thousand, statutory reserve of KD 3,913 thousand and share premium of KD 24,832 thousand.

15. 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 statement of financial position is not presented.