

**BOBYAN 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 2010 TO 30 SEPTEMBER 2010
(UNAUDITED)**

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

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



For the period from 1 January 2010 to 30 September 2010

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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 September 2010, and the related interim condensed consolidated statements of income, comprehensive income, changes in equity and cash flows for the nine 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 September 2010 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 nine month period ended 30 September 2010, 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.



Jassim Ahmad Al-Fahad
License No. 53-A
Al-Fahad, Al-Wazzan & Co.
Deloitte & Touche
5 October 2010
Kuwait



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Member firm of KPMG International

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



INTERIM CONDENSED CONSOLIDATED STATEMENT
OF INCOME (UNAUDITED)

For the period from 1 January 2010 to 30 September 2010

	Notes	Three months ended 30 September		Nine months ended 30 September	
		2010	2009	2010	2009
		KD'000	KD'000	KD'000	KD'000
Income					
Murabaha and other Islamic financing income		11,098	8,063	29,634	26,491
Investment income	3	1,397	284	4,898	5,887
Fees and commissions income		1,961	713	6,878	2,877
Share of results of associates	7	337	75	960	710
Net foreign exchange gain		540	326	535	731
Other income / (expenses)		11	(3)	61	297
		<u>15,344</u>	<u>9,458</u>	<u>42,966</u>	<u>36,993</u>
Expenses					
Staff costs		(3,262)	(2,445)	(9,545)	(7,883)
General and administrative expenses		(1,933)	(1,598)	(6,015)	(5,685)
Depreciation and amortization		(390)	(378)	(1,170)	(1,121)
		<u>(5,585)</u>	<u>(4,421)</u>	<u>(16,730)</u>	<u>(14,689)</u>
Profit before Murabaha cost, investment loss, provision for impairment and distribution to depositors					
		9,759	5,037	26,236	22,304
Murabaha cost		(507)	(401)	(1,352)	(1,264)
Investment loss	3	(1,189)	(528)	(2,194)	(14,091)
Provision for impairment		(4,120)	(7,253)	(11,485)	(15,200)
		<u>3,943</u>	<u>(3,145)</u>	<u>11,205</u>	<u>(8,251)</u>
Profit / (loss) before distribution to depositors					
Distribution to depositors		(2,348)	(2,342)	(6,424)	(9,012)
		<u>1,595</u>	<u>(5,487)</u>	<u>4,781</u>	<u>(17,263)</u>
Profit / (loss) after distribution to depositors					
Provision for contribution to Kuwait Foundation for the Advancement of Sciences ("KFAS")		(14)	-	(42)	-
Provision for National Labour Support Tax ("NLST")		(58)	-	(137)	-
Provision for Zakat		(29)	-	(61)	-
		<u>1,494</u>	<u>(5,487)</u>	<u>4,541</u>	<u>(17,263)</u>
Net profit / (loss) for the period					
Attributable to:					
Equity holders of the Bank		1,493	(5,495)	4,517	(17,226)
Non-controlling interest		1	8	24	(37)
		<u>1,494</u>	<u>(5,487)</u>	<u>4,541</u>	<u>(17,263)</u>
Net profit / (loss) for the period					
Earnings / (loss) per share attributable to the equity holders of the Bank (fils)					
	4	<u>0.85</u>	<u>(3.95)</u>	<u>2.70</u>	<u>(12.37)</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 2010 to 30 September 2010


	Three months ended 30 September		Nine months ended 30 September	
	2010	2009	2010	2009
	KD'000	KD'000	KD'000	KD'000
Profit / (loss) for the period	1,494	(5,487)	4,541	(17,263)
Other comprehensive income				
Change in fair value of available-for-sale investments	(264)	(304)	(1,443)	(55)
Transferred to statement of income on impairment of available-for-sale investments	85	-	664	2,175
Foreign currency translation adjustments	(391)	473	(489)	1,404
Other comprehensive income for the period	(570)	169	(1,268)	3,524
Total comprehensive income / (loss) for the period	924	(5,318)	3,273	(13,739)
Attributable to:				
Equity holders of the Bank	950	(5,295)	3,292	(13,594)
Non-controlling interest	(26)	(23)	(19)	(145)
Total comprehensive income / (loss) for the period	924	(5,318)	3,273	(13,739)


The notes from 1 to 15 form an integral part of this interim condensed consolidated financial information.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
(UNAUDITED)

At 30 September 2010

		30 September 2010	(Audited) 31 December 2009	30 September 2009
	Notes	KD'000	KD'000	KD'000
Assets				
Cash and cash equivalents		56,034	51,608	66,361
Due from banks	5	232,880	170,596	148,542
Islamic financing to customers	6	778,570	576,558	541,012
Financial assets at fair value through profit or loss		46,965	41,488	42,987
Available-for-sale investments		57,849	66,232	67,157
Investment in associates	7	21,859	7,386	7,335
Trading properties		2,838	2,862	2,860
Investment properties		33,554	35,914	34,954
Other assets		9,807	7,825	8,489
Property and equipment		4,556	4,310	4,437
Total assets		1,244,912	964,779	924,134
Liabilities and equity				
Liabilities				
Due to banks		85,192	156,781	126,022
Depositors' accounts		907,002	708,957	662,214
Other liabilities		14,596	9,935	12,096
Total liabilities		1,006,790	875,673	800,332
Equity				
Share capital	8	174,824	116,531	116,531
Share premium	8	87,730	280	280
Statutory reserve		3,913	3,913	3,913
Voluntary reserve		3,591	3,591	3,591
Fair value reserve		499	1,235	1,430
Foreign currency translation reserve		(459)	30	(215)
Accumulated losses		(33,928)	(38,445)	(3,976)
Equity attributable to equity holders of the Bank		236,170	87,135	121,554
Non-controlling interest		1,952	1,971	2,248
Total equity		238,122	89,106	123,802
Total liabilities and equity		1,244,912	964,779	924,134


 Ibrahim Ali Al-Qadhi
 Chairman


 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 2010 to 30 September 2010

	Share capital	Share premium	Statutory reserve	Voluntary reserve	Fair value reserve	Foreign currency translation reserve	Accumulated losses	Attributable to equity holders of the Bank	Non-controlling interest	Total
	KD'000	KD'000	KD'000	KD'000	KD'000	KD'000	KD'000	KD'000	KD'000	KD'000
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 (note 8)	58,293	87,450	-	-	-	-	-	145,743	-	145,743
Total comprehensive income for the period	-	-	-	-	(736)	(489)	4,517	3,292	(19)	3,273
Balance at 30 September 2010	<u>174,824</u>	<u>87,730</u>	<u>3,913</u>	<u>3,591</u>	<u>499</u>	<u>(459)</u>	<u>(33,928)</u>	<u>236,170</u>	<u>1,952</u>	<u>238,122</u>
Balance at 31 December 2008	116,531	280	3,913	3,591	(798)	(1,619)	13,250	135,148	2,393	137,541
Total comprehensive loss for the period	-	-	-	-	2,228	1,404	(17,226)	(13,594)	(145)	(13,739)
Balance at 30 September 2009	<u>116,531</u>	<u>280</u>	<u>3,913</u>	<u>3,591</u>	<u>1,430</u>	<u>(215)</u>	<u>(3,976)</u>	<u>121,554</u>	<u>2,248</u>	<u>123,802</u>

The notes from 1 to 15 form an integral part of this interim condensed consolidated financial information.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
(UNAUDITED)

For the period from 1 January 2010 to 30 September 2010

	Nine months ended 30 September	
	2010	2009
	KD'000	KD'000
OPERATING ACTIVITIES		
Profit / (loss) for the period	4,541	(17,263)
Adjustments for:		
Depreciation and amortisation	1,170	1,121
Provision for impairment	11,485	15,200
Foreign currency translation	1,636	(6,742)
Impairment loss on available-for-sale investments	1,008	2,383
(Gain) / loss on sale of financial assets at fair value through profit or loss	(2)	76
Gain on sale of available-for-sale investments	(11)	(251)
Gain on sale of investment properties	(222)	-
Unrealized loss from change in fair value of financial assets at fair value through profit or loss	300	1,462
Share of results of associates	(960)	(710)
Dividend income	(424)	(642)
Unrealised loss from change in fair value of investment properties	752	2,627
	<u>19,273</u>	<u>(2,739)</u>
Changes in operating assets and liabilities:		
Due from banks	(65,432)	(21,402)
Islamic financing to customers	(210,201)	(66,877)
Other assets	(1,982)	1,428
Due to banks	(71,589)	7,891
Depositors' accounts	198,045	92,578
Other liabilities	4,513	(2,779)
Dividend income received	424	642
Net cash (used in) / generated by operating activities	<u>(126,949)</u>	<u>8,742</u>
INVESTING ACTIVITIES		
Purchase of financial assets at fair value through profit or loss	(6,978)	(2,416)
Proceeds from sale of financial assets at fair value through profit or loss	25	4,930
Purchase of available-for-sale investments	(4,659)	(10,802)
Proceeds from sale of available-for-sale investments	10,796	3,242
Dividends received from an associated company	-	501
Purchase of investment properties	(2,120)	(5,211)
Proceeds from sale of investment properties	2,915	158
Purchase of investment in associates	(12,888)	-
Purchase of property and equipment	(1,416)	(671)
Net cash used in investing activities	<u>(14,325)</u>	<u>(10,269)</u>
FINANCING ACTIVITIES		
Issue of share capital	145,743	-
Net cash generated by financing activities	<u>145,743</u>	<u>-</u>
Net change in non-controlling interest	<u>(43)</u>	<u>(108)</u>
Net increase / (decrease) in cash and cash equivalents	4,426	(1,635)
Cash and cash equivalents at the beginning of the period	51,608	67,996
Cash and cash equivalents at the end of the period	<u><u>56,034</u></u>	<u><u>66,361</u></u>

The notes from 1 to 15 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 in Kuwait Stock Exchange on 15 May 2006.

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

The interim condensed consolidated financial information as at and for the nine-month period ended 30 September 2010 incorporates the financial information of the Bank and its subsidiaries, Boubyan Takaful Insurance Company K.S.C. (Closed), Boubyan Capital Investment Company K.S.C. (Closed); and Boubyan Industrial General Trading Company W.L.L. (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 5 October 2010.

2. SIGNIFICANT ACCOUNTING POLICIES

Basis of preparation

The 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. The 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 ("IFRSs") as modified for use by the Government 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 nine-month period ended 30 September 2010 are not necessarily indicative of the results that may be expected for the year ending 31 December 2010.

The interim condensed consolidated financial information has been prepared using the same accounting policies and methods of computation as those used in the preparation of the annual audited consolidated financial statements for the year ended 31 December 2009, except for changes resulting from amendments to IFRSs, as indicated below.

During the period the Group has adopted all the standards that came into effect for annual period beginning on 1 January 2010. The main changes in the Group's accounting policies relate to IFRS 3 (Revised) "*Business Combinations*" and consequential amendments to IAS 27 "*Consolidated and Separate Financial Statements*" and IAS 28 "*Investments in Associates*" whereby acquisition related costs are expensed in the consolidated statement of income in the periods in which the costs are incurred. Also, changes in ownership interest in a subsidiary that do not result in a loss of control are treated as transaction between equity holders and are accounted for within equity. Equity interest held prior to control being obtained are remeasured to fair value at the date of obtaining control, and any gain or loss is recognized in the statement of income.

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 2009.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL
 INFORMATION (UNAUDITED)

For the period from 1 January 2010 to 30 September 2010

3. INVESTMENT INCOME / LOSS

Investment income

	Three months ended		Nine months ended	
	30 September		30 September	
	2010	2009	2010	2009
	KD'000	KD'000	KD'000	KD'000
Gain on money market funds	583	331	1,986	1,879
Unrealised gain / (loss) from change in fair value of financial assets at fair value through profit or loss	14	(753)	69	1,037
Gain on sale of financial assets at fair value through profit or loss	-	-	2	46
Gain on sale of available-for-sale investments	18	8	18	251
Sukuk coupon income	299	365	844	1,101
Net rental income from investment properties	417	313	1,275	931
Gain on sale of investment properties	-	-	222	-
Unrealised gain from change in fair value of investment properties	58	-	58	-
Dividend income	8	20	424	642
	<u>1,397</u>	<u>284</u>	<u>4,898</u>	<u>5,887</u>

Investment loss

	Three months ended		Nine months ended	
	30 September		30 September	
	2010	2009	2010	2009
	KD'000	KD'000	KD'000	KD'000
Loss on money market funds	-	(36)	-	(6,460)
Unrealised loss from change in fair value of financial assets at fair value through profit or loss	(83)	(345)	(369)	(2,499)
Loss on sale of financial assets at fair value through profit or loss	-	(122)	-	(122)
Impairment loss on available-for-sale investments	(289)	-	(1,008)	(2,383)
Loss on sale of available-for-sale investments	(7)	-	(7)	-
Unrealised loss from change in fair value of investment properties	(810)	(25)	(810)	(2,627)
	<u>(1,189)</u>	<u>(528)</u>	<u>(2,194)</u>	<u>(14,091)</u>
Net investment income / (loss)	<u>208</u>	<u>(244)</u>	<u>2,704</u>	<u>(8,204)</u>

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL
 INFORMATION (UNAUDITED)

For the period from 1 January 2010 to 30 September 2010

4. EARNINGS / (LOSS) 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 September		Nine months ended 30 September	
	2010 KD'000	2009 KD'000	2010 KD'000	2009 KD'000
Profit / (loss) for the period attributable to equity holders of the Bank	1,493	(5,495)	4,517	(17,226)
Weighted average number of shares outstanding (thousands of shares)	1,748,235	1,392,717	1,671,345	1,392,717
Earnings / (loss) per share (fils)	0.85	(3.95)	2.70	(12.37)

Loss per share calculation for 2009 has been adjusted to take account for right shares issued in 2010.

5. DUE FROM BANKS

	30 September 2010	(Audited) 31 December 2009	30 September 2009
	KD'000	KD'000	KD'000
Balance	265,380	202,557	168,822
Less: deferred profit	(119)	(132)	(100)
	265,261	202,425	168,722
Less: provision for impairment	(32,381)	(31,829)	(20,180)
	232,880	170,596	148,542

Due from banks (Islamic and conventional) are utilized in the purchase and sale of commodities, as trading is conducted by those banks on behalf of the Group. The discretion of the banks over buying and selling is limited by the terms of the agreements between the Group and the banks.

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

6. ISLAMIC FINANCING TO CUSTOMERS

	30 September 2010	(Audited) 31 December 2009	30 September 2009
	KD'000	KD'000	KD'000
Balance	861,125	637,025	580,235
Less: deferred profit	(43,223)	(28,219)	(19,618)
	817,902	608,806	560,617
Less: provision for impairment	(39,332)	(32,248)	(19,605)
	778,570	576,558	541,012

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL
INFORMATION (UNAUDITED)

For the period from 1 January 2010 to 30 September 2010

7. INVESTMENT IN ASSOCIATES

On 18 May 2010 the Group obtained significant influence over United Capital Bank (“UCB”), an Islamic Bank operating in the Republic of Sudan, by acquiring 18.75 % of the voting shares. As a result, the Group’s equity interest in UCB has been increased to 21.67%.

The consideration transferred at the acquisition date amounted to KD 6,358 thousand, and the fair value of the previously-held equity interest of 2.92% of the voting shares amounted to KD 1,022 thousand.

The excess of the Group’s interest in the net fair value of the acquiree’s identifiable assets and liabilities over the cost of that interest (negative goodwill) resulted in a gain of KD 536 thousand, which has been recognised in share of results of associates in the interim condensed consolidated statement of income for the current period.

During July 2010 the Group participated in the right share issue of Bank Syariah Muamalat Indonesia Tbk by an amount of KD 6,529 thousand. As a result the Group’s equity interest in Bank Syariah Muamalat Indonesia Tbk has been increased to 24.94 %.

8. SHARE CAPITAL

The Ordinary and Extraordinary General Assemblies of the Bank held on 17 September and 1 October 2009 respectively have approved the Bank’s authorized capital increase from KD 116,600 thousand to KD 174,900 thousand through issuance of 583,000 thousand shares at a nominal value of 100 fils per share and share premium of 150 fils per share. The paid up share capital is KD 174,824 thousand at 30 September 2010 (KD 116,531 thousand at 31 December 2009 and 30 September 2009).

9. 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 September 2010	31 December 2009	30 September 2009
	KD’000	KD’000	KD’000
Due from related parties:			
Due from banks	95,057	60,753	-
Islamic financing to customers	33,459	61,870	46,701
Due to related parties:			
Due to banks	48,587	80,797	33,046
Depositors’ accounts	12,198	6,146	3,139
Transactions with related parties:			
Letters of guarantee and letters of credit	3,021	2,299	116
Revenues	2,246	3,938	2,019
Expenses	(493)	(685)	(467)

Compensation of key management personnel

Details of compensations for key management comprise the following:

	Three months ended 30 September		Nine months ended 30 September	
	2010	2009	2010	2009
	KD’000	KD’000	KD’000	KD’000
Short-term benefits	727	373	2,057	1,139
Post-employment benefits	103	22	352	118
	<u>830</u>	<u>395</u>	<u>2,409</u>	<u>1,257</u>

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL
 INFORMATION (UNAUDITED)

For the period from 1 January 2010 to 30 September 2010

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 September 2010	(Audited) 31 December 2009	30 September 2009
	KD'000	KD'000	KD'000
Guarantees	69,393	40,360	36,932
Acceptances and letters of credit	18,628	13,270	11,284
Investment commitments	-	585	597
Capital commitments	1,309	565	400
Credit commitments	22,815	16,159	17,892
	<u>112,145</u>	<u>70,939</u>	<u>67,105</u>

11. SEGMENT REPORTING

Operating segments are identified on the basis of internal reports about components of the Group that are regularly reviewed by the chief operating decision maker in order to allocate resources to the segments and to assess their performance.

Business segments:

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

Retail banking: Principally handling the deposits of individual customers and small businesses, and providing consumer type Murabaha and Islamic covered cards facilities.

Corporate banking: Principally handling Murabaha and Ijarah facilities for corporate and institutional customers.

Investment: Principally handling direct investments and local and international real estate investment.

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.

Three months ended 30 September 2010

	Retail banking	Corporate banking	Investment	Treasury	Unallocated items	Total
	KD'000	KD'000	KD'000	KD'000	KD'000	KD'000
Segment revenues	2,142	10,773	1,044	1,393	(8)	15,344
Segment expenses	(3,014)	(1,280)	(1,191)	(2,415)	(5,950)	(13,850)
Segment results	<u>(872)</u>	<u>9,493</u>	<u>(147)</u>	<u>(1,022)</u>	<u>(5,958)</u>	<u>1,494</u>

Three months ended 30 September 2009

	Retail banking	Corporate banking	Investment	Treasury	Unallocated items	Total
	KD'000	KD'000	KD'000	KD'000	KD'000	KD'000
Segment revenues	993	8,249	(294)	825	(315)	9,458
Segment expenses	(2,535)	(1,283)	(347)	(6,866)	(3,914)	(14,945)
Segment results	<u>(1,542)</u>	<u>6,966</u>	<u>(641)</u>	<u>(6,041)</u>	<u>(4,229)</u>	<u>(5,487)</u>

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL
 INFORMATION (UNAUDITED)

For the period from 1 January 2010 to 30 September 2010

11. SEGMENT REPORTING (CONTINUED)

Nine months ended 30 September 2010

	<u>Retail banking</u>	<u>Corporate banking</u>	<u>Investment</u>	<u>Treasury</u>	<u>Unallocated items</u>	<u>Total</u>
	KD'000	KD'000	KD'000	KD'000	KD'000	KD'000
Segment revenues	5,437	27,608	3,222	3,741	2,958	42,966
Segment expenses	(9,536)	(5,120)	(2,323)	(8,712)	(12,734)	(38,425)
Segment results	<u>(4,099)</u>	<u>22,488</u>	<u>899</u>	<u>(4,971)</u>	<u>(9,776)</u>	<u>4,541</u>
Segment assets	<u>111,740</u>	<u>757,601</u>	<u>130,035</u>	<u>250,554</u>	<u>(5,018)</u>	<u>1,244,912</u>
Segment liabilities	<u>(380,574)</u>	<u>(5,344)</u>	<u>(117)</u>	<u>(616,109)</u>	<u>(4,646)</u>	<u>(1,006,790)</u>

Nine months ended 30 September 2009

	<u>Retail banking</u>	<u>Corporate banking</u>	<u>Investment</u>	<u>Treasury</u>	<u>Unallocated items</u>	<u>Total</u>
	KD'000	KD'000	KD'000	KD'000	KD'000	KD'000
Segment revenues	2,211	27,500	4,577	2,425	280	36,993
Segment expenses	(8,939)	(7,778)	(8,769)	(20,808)	(7,962)	(54,256)
Segment results	<u>(6,728)</u>	<u>19,722</u>	<u>(4,192)</u>	<u>(18,383)</u>	<u>(7,682)</u>	<u>(17,263)</u>
Segment assets	<u>52,660</u>	<u>662,442</u>	<u>107,496</u>	<u>93,181</u>	<u>8,355</u>	<u>924,134</u>
Segment liabilities	<u>(273,227)</u>	<u>(3,325)</u>	<u>(3,147)</u>	<u>(514,167)</u>	<u>(6,466)</u>	<u>(800,332)</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 2009.

13. FIDUCIARY ASSETS

The aggregate value of assets held in a trust or fiduciary capacity by the Group at 30 September 2010 amounted to KD 38,455 thousand (31 December 2009: KD 43,702 thousand and 30 September 2009: KD 47,384 thousand).

14. ANNUAL GENERAL ASSEMBLY

The Annual General Assembly held on 29 April 2010, approved the consolidated financial statements for the year ended 31 December 2009 and decided not to distribute dividends to the shareholders (2008: no dividends were distributed).

15. COMPARATIVE FIGURES

Where necessary, certain comparative figures were reclassified to conform to the current period's presentation.