

**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 2010 TO 30 JUNE 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 June 2010

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**KPMG Safi Al-Mutawa & Partners**

Rakan Tower, 18<sup>th</sup> floor  
Fahad Al-Salem Street,  
P.O. Box 24, Safat 13001, Kuwait  
Tel : + 965 2247 5090  
Fax : + 965 2249 2704



**Al-Fahad & Co.**

Salhia Complex  
Gate 2, 4<sup>th</sup> Floor  
P.O. Box 23049  
Safat 13091  
State of Kuwait

Tel: + (965) 22438060

Tel: + (965) 22468934

Fax: + (965) 22452080

[www.deloitte.com](http://www.deloitte.com)

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

The Board of Directors  
Boubyan Bank KSC  
State of Kuwait

### *Introduction*

We have reviewed the accompanying condensed consolidated interim statement of financial position of Boubyan Bank KSC (“the Bank”) and its subsidiaries (together referred to as “the Group”) as of 30 June 2010, and the related condensed consolidated interim 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 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.



Safi A. Al-Mutawa  
License No. 138 – “A”  
of KPMG Safi Al-Mutawa & Partners  
Member firm of KPMG International



Jassim Ahmad Al-Fahad  
License No. 53-A  
Al-Fahad & Co. Deloitte & Touche

Kuwait: 6 July 2010



**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 June 2010

	Notes	Three months ended 30 June		Six months ended 30 June	
		2010	2009	2010	2009
		KD'000	KD'000	KD'000	KD'000
<b>Income</b>					
Murabaha and other Islamic financing income		9,716	8,678	18,536	18,428
Investment income	3	1,984	3,343	3,501	5,603
Fees and commissions income		1,477	1,248	4,917	2,164
Share of results of associates	7	416	455	623	635
Net foreign exchange gain / (loss)		177	752	(5)	705
Other income		44	-	50	-
		<u>13,814</u>	<u>14,476</u>	<u>27,622</u>	<u>27,535</u>
<b>Expenses</b>					
Staff costs		(3,163)	(2,552)	(6,283)	(5,438)
General and administrative expenses		(2,287)	(1,817)	(4,082)	(4,087)
Depreciation and amortization		(389)	(375)	(780)	(743)
		<u>(5,839)</u>	<u>(4,744)</u>	<u>(11,145)</u>	<u>(10,268)</u>
<b>Profit before Murabaha cost, investment loss, provision for impairment and distribution to depositors</b>					
		7,975	9,732	16,477	17,267
Murabaha cost		(455)	(320)	(845)	(863)
Investment loss	3	(718)	(1,976)	(1,005)	(13,563)
Provision for impairment		(3,367)	(4,550)	(7,365)	(7,947)
<b>Profit / (loss) before distribution to depositors</b>					
		3,435	2,886	7,262	(5,106)
Distribution to depositors		(1,938)	(2,963)	(4,076)	(6,670)
<b>Profit / (loss) after distribution to depositors</b>					
		1,497	(77)	3,186	(11,776)
Provision for contribution to Kuwait Foundation for the Advancement of Sciences ("KFAS")		(13)	-	(28)	-
Provision for National Labour Support Tax ("NLST")		(36)	-	(79)	-
Provision for Zakat		(15)	-	(32)	-
<b>Net profit / (loss) for the period</b>		<u>1,433</u>	<u>(77)</u>	<u>3,047</u>	<u>(11,776)</u>
<b>Attributable to:</b>					
Equity holders of the Bank		1,404	(10)	3,024	(11,731)
Non-controlling interest		29	(67)	23	(45)
<b>Net profit / (loss) for the period</b>		<u>1,433</u>	<u>(77)</u>	<u>3,047</u>	<u>(11,776)</u>
<b>Earnings / (loss) per share attributable to the equity holders of the Bank (fils)</b>	4	<u>0.82</u>	<u>(0.01)</u>	<u>1.85</u>	<u>(8.42)</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 June 2010


	Three months ended 30 June		Six months ended 30 June	
	2010	2009	2010	2009
	KD'000	KD'000	KD'000	KD'000
<b>Profit / (loss) for the period</b>	1,433	(77)	3,047	(11,776)
<b>Other comprehensive income</b>				
Change in fair value of available-for-sale investments	(516)	1,822	(1,163)	326
Net transferred to statement of income on impairment of available-for-sale investments	431	-	579	2,175
Foreign currency translation adjustments	(375)	660	(98)	931
<b>Other comprehensive (loss)/ income for the period</b>	<b>(460)</b>	<b>2,482</b>	<b>(682)</b>	<b>3,432</b>
<b>Total comprehensive income / (loss) for the period</b>	<b>973</b>	<b>2,405</b>	<b>2,365</b>	<b>(8,344)</b>
<b>Attributable to:</b>				
Equity holders of the Bank	944	2,472	2,342	(8,299)
Non-controlling interest	29	(67)	23	(45)
<b>Total comprehensive income / (loss) for the period</b>	<b>973</b>	<b>2,405</b>	<b>2,365</b>	<b>(8,344)</b>

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

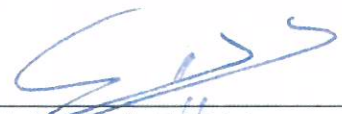
INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION  
(UNAUDITED)

At 30 June 2010

		30 June 2010	(Audited) 31 December 2009	30 June 2009
	Notes	KD'000	KD'000	KD'000
<b>Assets</b>				
Cash and cash equivalents		49,052	51,608	61,830
Due from banks	5	238,367	170,596	190,504
Islamic financing to customers	6	710,721	576,558	518,348
Financial assets at fair value through profit or loss		46,299	41,488	45,070
Available-for-sale investments		58,694	66,232	67,674
Investment in associates	7	15,209	7,386	7,281
Trading properties		2,903	2,862	2,865
Investment properties		32,432	35,914	34,634
Other assets		7,949	7,825	10,584
Property and equipment		4,520	4,310	4,476
<b>Total assets</b>		<b>1,166,146</b>	<b>964,779</b>	<b>943,266</b>
<b>Liabilities and equity</b>				
<b>Liabilities</b>				
Due to banks		94,389	156,781	74,326
Depositors' accounts		820,235	708,957	725,830
Other liabilities		14,324	9,935	13,990
<b>Total liabilities</b>		<b>928,948</b>	<b>875,673</b>	<b>814,146</b>
<b>Equity</b>				
Share capital	8	174,824	116,531	116,531
Share premium		87,730	280	280
Statutory reserve		3,913	3,913	3,913
Voluntary reserve		3,591	3,591	3,591
Fair value reserve		651	1,235	1,703
Foreign currency translation reserve		(68)	30	(688)
(Accumulated losses) / retained earnings		(35,421)	(38,445)	1,519
<b>Equity attributable to equity holders of the Bank</b>		<b>235,220</b>	<b>87,135</b>	<b>126,849</b>
Non-controlling interest		1,978	1,971	2,271
<b>Total equity</b>		<b>237,198</b>	<b>89,106</b>	<b>129,120</b>
<b>Total liabilities and equity</b>		<b>1,166,146</b>	<b>964,779</b>	<b>943,266</b>



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 June 2010

	Share capital KD'000	Share premium KD'000	Statutory reserve KD'000	Voluntary reserve KD'000	Fair value reserve KD'000	Foreign currency translation reserve KD'000	(Accumulated losses) / retained earnings KD'000	Attributable to equity holders of the Bank KD'000	Non-controlling interest KD'000	Total KD'000
<b>Balance at 31 December 2009</b>	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	-	-	-	-	(584)	(98)	3,024	2,342	23	2,365
Net movement in non-controlling interest	-	-	-	-	-	-	-	-	(16)	(16)
<b>Balance at 30 June 2010</b>	174,824	87,730	3,913	3,591	651	(68)	(35,421)	235,220	1,978	237,198
<b>Balance at 31 December 2008</b>	116,531	280	3,913	3,591	(798)	(1,619)	13,250	135,148	2,393	137,541
Total comprehensive loss for the period	-	-	-	-	2,501	931	(11,731)	(8,299)	(45)	(8,344)
Net movement in non-controlling interest	-	-	-	-	-	-	-	-	(77)	(77)
<b>Balance at 30 June 2009</b>	116,531	280	3,913	3,591	1,703	(688)	1,519	126,849	2,271	129,120

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 June 2010

	Six months ended 30 June	
	2010	2009
	KD'000	KD'000
<b>OPERATING ACTIVITIES</b>		
Profit / (loss) for the period	3,047	(11,776)
Adjustments for:		
Depreciation and amortisation	780	743
Provision for impairment	7,365	7,947
Foreign currency translation	3,283	(7,323)
Impairment loss on available-for-sale investments	719	2,383
Gain on sale of financial assets at fair value through profit or loss	(2)	(46)
Gain on sale of available-for-sale investments	-	(243)
Gain on sale of investment properties	(222)	-
Unrealized loss from change in fair value of financial assets at fair value through profit or loss	231	364
Share of results of associates	(623)	(635)
Dividend income	(416)	(622)
Unrealised loss from changes in fair value of investment properties	-	2,602
	14,162	(6,606)
<b>Changes in operating assets and liabilities:</b>		
Due from banks	(70,880)	(59,616)
Islamic financing to customers	(138,330)	(40,746)
Other assets	(124)	(665)
Due to banks	(62,392)	(43,805)
Depositors' accounts	111,278	156,194
Other liabilities	4,301	(846)
Dividend income received	416	622
<b>Net cash (used in) / generated by operating activities</b>	<b>(141,569)</b>	<b>4,532</b>
<b>INVESTING ACTIVITIES</b>		
Purchase of financial assets at fair value through profit or loss	(6,919)	(2,416)
Proceeds from sale of financial assets at fair value through profit or loss	25	4,930
Purchase of available-for-sale investments	(2,491)	(10,802)
Proceeds from sale of available-for-sale investments	9,225	3,052
Purchase of investment properties	(2,120)	(5,211)
Proceeds from sale of investment properties	2,915	158
Purchase of investment in associates	(6,358)	-
Purchase of property and equipment	(991)	(332)
<b>Net cash used in investing activities</b>	<b>(6,714)</b>	<b>(10,621)</b>
<b>FINANCING ACTIVITIES</b>		
Issue of share capital	145,743	-
<b>Net cash generated by financing activities</b>	<b>145,743</b>	<b>-</b>
<b>Net change in non-controlling interest</b>	<b>(16)</b>	<b>(77)</b>
Net decrease in cash and cash equivalents	(2,556)	(6,166)
Cash and cash equivalents at the beginning of the period	51,608	67,996
<b>Cash and cash equivalents at the end of the period</b>	<b>49,052</b>	<b>61,830</b>

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



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

For the period from 1 January 2010 to 30 June 2010

**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 six months ended 30 June 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 6 July 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 six-month period ended 30 June 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 June 2010

**3. INVESTMENT INCOME / LOSS**

**Investment income**

	Three months ended 30 June		Six months ended 30 June	
	2010	2009	2010	2009
	KD'000	KD'000	KD'000	KD'000
Gain on money market funds	886	519	1,403	1,548
Unrealised gain from change in fair value of financial assets at fair value through profit or loss	55	1,773	55	1,790
Gain on sale of financial assets at fair value through profit or loss	-	28	2	46
Gain on sale of available-for-sale investments	-	243	-	243
Sukuk coupon income	257	346	545	736
Net rental income from investment properties	385	327	858	618
Gain on sale of investment properties	-	-	222	-
Dividend income	401	107	416	622
	<u>1,984</u>	<u>3,343</u>	<u>3,501</u>	<u>5,603</u>

**Investment loss**

	Three months ended 30 June		Six months ended 30 June	
	2010	2009	2010	2009
	KD'000	KD'000	KD'000	KD'000
Loss on money market funds	-	(870)	-	(6,424)
Unrealised (loss)/ gain from changes in fair value of financial assets at fair value through profit or loss	(147)	557	(286)	(2,154)
Impairment loss on available-for-sale investments	(571)	-	(719)	(2,383)
Unrealized loss from changes in fair value of investment properties	-	(1,663)	-	(2,602)
	<u>(718)</u>	<u>(1,976)</u>	<u>(1,005)</u>	<u>(13,563)</u>
<b>Net investment income/ (loss)</b>	<u>1,266</u>	<u>1,367</u>	<u>2,496</u>	<u>(7,960)</u>



NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL  
 INFORMATION (UNAUDITED)

For the period from 1 January 2010 to 30 June 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 June		Six months ended 30 June	
	2010	2009	2010	2009
	KD'000	KD'000	KD'000	KD'000
Profit / (loss) for the period attributable to equity holders of the Bank	1,404	(10)	3,024	(11,731)
Weighted average number of shares outstanding (thousands of shares)	1,712,274	1,392,717	1,632,263	1,392,717
Earnings / (loss) per share (fils)	0.82	(0.01)	1.85	(8.42)

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

**5. DUE FROM BANKS**

	30 June 2010	(Audited) 31 December 2009	30 June 2009
	KD'000	KD'000	KD'000
Balance	271,269	202,557	207,187
Less: deferred profit	(147)	(132)	(251)
	271,122	202,425	206,936
Less: provision for impairment	(32,755)	(31,829)	(16,432)
	238,367	170,596	190,504

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 June 2010	(Audited) 31 December 2009	30 June 2009
	KD'000	KD'000	KD'000
Balance	785,570	637,025	549,396
Less: deferred profit	(38,916)	(28,219)	(14,912)
	746,654	608,806	534,484
Less: provision for impairment	(35,933)	(32,248)	(16,136)
	710,721	576,558	518,348



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

For the period from 1 January 2010 to 30 June 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.

**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 June 2010 (KD 116,531 thousand at 31 December 2009 and 30 June 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 June 2010	31 December 2009	30 June 2009
	KD’000	KD’000	KD’000
<b>Due from related parties:</b>			
Due from banks	54,083	60,753	-
Islamic financing to customers	39,247	61,870	33,595
<b>Due to related parties:</b>			
Due to banks	42,676	80,797	-
Depositors’ accounts	3,054	6,146	78,700
<b>Transactions with related parties:</b>			
Letters of guarantee and letters of credit	2,856	2,299	15
Revenues	1,879	3,938	1,399
Expenses	(349)	(685)	(467)

**Compensation of key management personnel**

Details of compensations for key management comprise the following:

	Three months ended 30 June		Six months ended 30 June	
	2010	2009	2010	2009
	KD’000	KD’000	KD’000	KD’000
Short-term benefits	712	329	1,330	766
Post-employment benefits	68	22	249	96
	<u>780</u>	<u>351</u>	<u>1,579</u>	<u>862</u>

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL  
 INFORMATION (UNAUDITED)

For the period from 1 January 2010 to 30 June 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 June 2010	(Audited) 31 December 2009	30 June 2009
	KD'000	KD'000	KD'000
Guarantees	58,590	40,360	35,494
Acceptances and letters of credit	19,732	13,270	11,290
Investment commitments	585	585	585
Capital commitments	778	565	400
Credit commitments	33,058	16,159	22,120
	<u>112,743</u>	<u>70,939</u>	<u>69,889</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 June 2010**

	Retail banking	Corporate banking	Investment	Treasury	Unallocated items	Total
	KD'000	KD'000	KD'000	KD'000	KD'000	KD'000
Segment revenues	1,814	8,584	1,296	1,644	476	13,814
Segment expenses	(3,266)	(1,844)	(1,000)	(1,931)	(4,340)	(12,381)
Segment results	<u>(1,452)</u>	<u>6,740</u>	<u>296</u>	<u>(287)</u>	<u>(3,864)</u>	<u>1,433</u>

**Three months ended 30 June 2009**

	Retail banking	Corporate banking	Investment	Treasury	Unallocated items	Total
	KD'000	KD'000	KD'000	KD'000	KD'000	KD'000
Segment revenues	720	9,234	3,496	599	427	14,476
Segment expenses	(3,008)	(3,285)	(1,581)	(4,622)	(2,057)	(14,553)
Segment results	<u>(2,288)</u>	<u>5,949</u>	<u>1,915</u>	<u>(4,023)</u>	<u>(1,630)</u>	<u>(77)</u>



NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL  
 INFORMATION (UNAUDITED)

For the period from 1 January 2010 to 30 June 2010

**Six months ended 30 June 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	3,295	16,835	2,178	2,348	2,966	27,622
Segment expenses	(6,522)	(3,840)	(1,132)	(6,297)	(6,784)	(24,575)
Segment results	<u>(3,227)</u>	<u>12,995</u>	<u>1,046</u>	<u>(3,949)</u>	<u>(3,818)</u>	<u>3,047</u>
Segment assets	<u>95,525</u>	<u>664,673</u>	<u>120,328</u>	<u>285,968</u>	<u>(348)</u>	<u>1,116,146</u>
Segment liabilities	<u>357,997</u>	<u>7,480</u>	<u>109</u>	<u>561,861</u>	<u>1,501</u>	<u>928,948</u>

**Six months ended 30 June 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	1,218	19,251	4,851	1,600	615	27,535
Segment expenses	(6,405)	(6,494)	(8,422)	(13,942)	(4,048)	(39,311)
Segment results	<u>(5,187)</u>	<u>12,757</u>	<u>(3,571)</u>	<u>(12,342)</u>	<u>(3,433)</u>	<u>(11,776)</u>
Segment assets	<u>37,925</u>	<u>540,827</u>	<u>115,898</u>	<u>243,839</u>	<u>4,777</u>	<u>943,266</u>
Segment liabilities	<u>275,141</u>	<u>3,692</u>	<u>99</u>	<u>527,726</u>	<u>7,488</u>	<u>814,146</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 June 2010 amounted to KD 36,852 thousand (31 December 2009: KD 43,702 thousand and 30 June 2009: KD 52,349 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.