

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



**CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
AND INDEPENDENT AUDITORS' REVIEW REPORT FOR THE PERIOD
FROM 1 JANUARY 2007 TO 30 SEPTEMBER 2007
(UNAUDITED)**

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

The Board of Directors
Boubyan Bank KSC
State of Kuwait

Introduction

We have reviewed the accompanying condensed consolidated interim balance sheet of Boubyan Bank KSC ("the Bank") and its subsidiary (together referred to as "the Group") as of 30 September 2007, and the related condensed consolidated interim statements of income, changes in equity and cash flows for the nine month period then ended (the condensed consolidated interim financial statements). Management is responsible for the preparation and presentation of these condensed consolidated interim financial statements in accordance with the basis of preparation set out in Note 2. Our responsibility is to express a conclusion on these condensed consolidated interim financial statements 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 condensed consolidated interim financial statements as at 30 September 2007 are not prepared, in all material respects, in accordance with the basis of preparation set out in Note 2.

Furthermore, based on our review, the condensed consolidated interim financial statements are 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 2007, 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: 9 October 2007

BOUBYAN BANK K.S.C.
STATE OF KUWAIT

CONDENSED CONSOLIDATED INTERIM STATEMENT OF INCOME
(UNAUDITED)



For the period from 1 January 2007 to 30 September 2007

	Notes	Three months ended 30 September		Nine months ended 30 September	
		2007	2006	2007	2006
		KD'000	KD'000	KD'000	KD'000
Income					
Murabaha and other Islamic financing income, net		6,942	5,214	20,762	13,259
Investment income	3	1,964	792	5,084	2,306
Fees and commissions income, net		1,147	551	8,340	2,348
Share in results of associates		363	224	609	725
Gain from dealing in foreign currencies, net		415	-	607	-
Other income		3	18	5	303
		<u>10,834</u>	<u>6,799</u>	<u>35,407</u>	<u>18,941</u>
Expenses					
Staff costs		(1,524)	(1,161)	(5,556)	(4,399)
General and administrative expenses		(1,180)	(626)	(2,936)	(1,920)
Depreciation and amortization		(190)	(132)	(525)	(222)
Provision for impairment – general		(124)	(268)	(1,375)	(1,800)
		<u>(3,018)</u>	<u>(2,187)</u>	<u>(10,392)</u>	<u>(8,341)</u>
Profit before distribution to depositors		7,816	4,612	25,015	10,600
Distribution to depositors		(3,117)	(2,692)	(10,749)	(5,168)
Profit for the period before provision for Kuwait Foundation for the Advancement of Sciences (“KFAS”) and National Labor Support Tax (“NLST”)		4,699	1,920	14,266	5,432
Provision for contribution to KFAS		(42)	(17)	(128)	(49)
Provision for NLST		(114)	(43)	(355)	(121)
Profit for the period		4,543	1,860	13,783	5,262
Attributable to:					
Equity holders of the Bank		4,530	1,860	13,716	5,262
Minority interest		13	-	67	-
Profit for the period		4,543	1,860	13,783	5,262
Earnings per share (fils)	4	4.3	1.8	13.0	5.0

The notes set out on pages 7 to 14 form an integral part of these condensed consolidated interim financial statements.

BOUBYAN BANK K.S.C.
STATE OF KUWAIT

CONDENSED CONSOLIDATED INTERIM BALANCE SHEET (UNAUDITED)



As at 30 September 2007

		(Audited)	
	30 September 2007	31 December 2006	30 September 2006
Notes	KD'000	KD'000	KD'000
Assets			
Cash and cash equivalents	99,251	22,947	18,153
Short term Murabaha	5 197,466	277,344	271,972
Receivables	6 173,822	115,698	84,138
Investments carried at fair value through profit or loss	5,795	1,020	-
Available-for-sale investments	7 45,245	30,710	26,551
Investment in unconsolidated subsidiary	8 15,000	1,133	3,911
Investment in associates	9 22,761	9,080	8,706
Trading properties	2,787	2,885	2,885
Investment properties	17,795	13,508	24,636
Leased assets	53,624	7,781	6,820
Other assets	7,920	18,624	16,803
Property and equipment, net	3,803	3,609	3,582
Total assets	645,269	504,339	468,157
Liabilities and equity			
Liabilities			
Due to banks and financial institutions	147,974	207,165	220,601
Depositors' accounts	355,457	168,592	120,577
Other liabilities	7,906	8,172	13,845
Total liabilities	511,337	383,929	355,023
Equity			
Share capital	105,937	99,941	99,941
Share premium	280	280	280
Statutory reserve	1,727	1,727	701
Voluntary reserve	1,550	1,550	701
Fair value reserve	1,206	909	903
Foreign currency translation reserve	(449)	109	(106)
Retained earnings	21,379	13,659	10,714
Equity attributable to equity holders of the Bank	131,630	118,175	113,134
Minority interest	2,302	2,235	-
Total equity	133,932	120,410	113,134
Total liabilities and equity	645,269	504,339	468,157

The notes set out on pages 7 to 14 form an integral part of these condensed consolidated interim financial statements.


Yacob Y. Al-Muzaini
Chairman and Managing Director

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

CONDENSED CONSOLIDATED INTERIM STATEMENT OF CHANGES IN EQUITY (UNAUDITED)

For the period from 1 January 2007 to 30 September 2007



	Share capital	Share premium	Statutory reserve	Voluntary reserve	Fair value reserve	Foreign currency translation reserve	Retained earnings	Attributable to equity holders of the Bank	Minority 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 2006	99,941	280	1,727	1,550	909	109	13,659	118,175	2,235	120,410
Unrealized gain on available-for-sale investments	-	-	-	-	297	-	-	297	-	297
Foreign currency translation adjustments	-	-	-	-	-	(558)	-	(558)	-	(558)
Net income recognized directly in equity	-	-	-	-	297	(558)	-	(261)	-	(261)
Profit for the period	-	-	-	-	-	-	13,716	13,716	67	13,783
Total recognized income and expense for the period	-	-	-	-	297	(558)	13,716	13,455	67	13,522
Issue of bonus shares	5,996	-	-	-	-	-	(5,996)	-	-	-
Balance at 30 September 2007	105,937	280	1,727	1,550	1,206	(449)	21,379	131,630	2,302	133,932
Balance at 31 December 2005	99,941	280	701	701	-	(158)	5,452	106,917	-	106,917
Unrealized gain on available-for-sale investments	-	-	-	-	903	-	-	903	-	903
Foreign currency translation adjustments	-	-	-	-	-	52	-	52	-	52
Net income recognized directly in equity	-	-	-	-	903	52	-	955	-	955
Profit for the period	-	-	-	-	-	-	5,262	5,262	-	5,262
Total recognized income and expense for the period	-	-	-	-	903	52	5,262	6,217	-	6,217
Balance at 30 September 2006	99,941	280	701	701	903	(106)	10,714	113,134	-	113,134

The notes set out on pages 7 to 14 form an integral part of these condensed consolidated interim financial statements.

BOUBYAN BANK K.S.C.
STATE OF KUWAIT

CONDENSED CONSOLIDATED INTERIM STATEMENT OF CASH FLOWS
(UNAUDITED)



For the period from 1 January 2007 to 30 September 2007

	Nine months ended 30 September	
	2007	2006
	KD'000	KD'000
OPERATING ACTIVITIES		
Profit for the period	13,783	5,262
Adjustments for:		
Provision for impairment	1,375	1,800
Depreciation and amortization	525	222
Foreign currency translation	774	-
Gain from sale of associate	(452)	-
Gain from sale of available-for-sale investments	(2)	(236)
Unrealized gain from investments carried at fair value through profit or loss	(955)	-
Share in results of associates	(609)	(725)
Dividend income	(1,090)	(121)
Unrealized gain from changes in fair value of investment properties	(350)	-
Operating profit before changes in operating assets and liabilities	12,999	6,202
Decrease/ (increase) in short term Murabaha	79,559	(104,813)
Increase in receivables	(58,761)	(26,138)
Increase in leased assets	(46,306)	(5,026)
Decrease in other assets	10,704	15,553
(Decrease)/ increase in due to banks and financial institutions	(59,452)	112,462
Increase in depositors' accounts	186,865	29,344
Decrease in other liabilities	(222)	(8,891)
Dividends received	1,090	121
Net cash from operating activities	126,476	18,814
INVESTING ACTIVITIES		
Purchase of investments carried at fair value through profit or loss	(16)	-
Purchase of available-for-sale investments	(25,658)	(11,201)
Proceeds from sale of available-for-sale investments	10,471	12,177
Purchase of investment in associates	(16,120)	-
Dividend from associates	807	504
Purchase of investment properties	(6,456)	(24,636)
Proceeds from sale of investment properties	2,519	-
Purchase of property and equipment	(719)	(1,568)
Purchase of investment in unconsolidated subsidiary	(15,000)	(3,911)
Net cash used in investing activities	(50,172)	(28,635)
Net increase/ (decrease) in cash and cash equivalents	76,304	(9,821)
Cash and cash equivalents at the beginning of the period	22,947	27,974
Cash and cash equivalents at the end of the period	99,251	18,153

The notes set out on pages 7 to 14 form an integral part of these condensed consolidated interim financial statements.

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

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

For the period from 1 January 2007 to 30 September 2007



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 passed in 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 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.

The condensed consolidated interim financial statements as at and for the nine months ended 30 September 2007 comprise the Bank and its 56.44% owned subsidiary, Boubyan Takaful Insurance 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.

These condensed consolidated interim financial statements were authorised for issue by the Board of Directors on 9 October 2007.

2. SIGNIFICANT ACCOUNTING POLICIES

Basis of preparation

The condensed consolidated interim financial statements have been prepared in accordance with International Accounting Standard No. 34, *Interim Financial Reporting*, and the Kuwait Stock Exchange instruction No. 2 of 1998. The condensed consolidated interim financial statements do 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 CBK requirement for a minimum general provision as described below.

The impairment provision for finance facilities complies in all material respects with the provision requirements of CBK and IFRSs. In addition, in accordance with CBK instructions, a minimum general provision of 1% for the cash facilities and 0.5% for the non-cash facilities, net of certain categories of collateral, to which CBK instructions are applicable and not subject to specific provision, is made. For further information, refer to the consolidated financial statements and notes thereto included in the Group's consolidated financial statements for the year ended 31 December 2006.

In the opinion of management, all adjustments considered necessary for a fair presentation have been included.

The operating results for the nine-month period ended 30 September 2007 are not necessarily indicative of the results that may be expected for the year ending 31 December 2007.

The condensed consolidated interim financial statements have been prepared using the same accounting policies and methods of computation as compared with the Group's most recent financial statements, except for changes resulting from amendments to IFRSs and the method of computation of general provision as required by CBK and mentioned above. The changes to the Group's accounting policies and their effect on the condensed consolidated interim financial statements are described below:

The Group has adopted all applicable revisions to IFRSs and new IFRSs that came into effect from 1 January 2007.

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

IFRS 7 *Financial Instruments: Disclosures* and the *Amendment to IAS 1 Presentation of Financial Statements: Capital Disclosures* require extensive disclosures about the significance of financial instruments for an entity's financial position and performance, qualitative and quantitative disclosures on the nature and extent of risks. IFRS 7 and amended IAS 1, which become mandatory for the Group's 2007 consolidated financial statements, will require extensive additional disclosures in the Group's full annual consolidated financial statements, with respect to Group's financial instruments and share capital.

Basis of consolidation

The condensed consolidated interim financial statements for the nine-month period ended 30 September 2007 include the Bank and its subsidiary referred to in note (1) above.

The financial statements of the subsidiary are consolidated on a line-by-line basis by adding together like items of assets, liabilities, income and expenses. Any intra-group balances and transactions, and any unrealised gains arising from intra-group transactions, are eliminated in preparing the condensed consolidated interim financial statements.

The subsidiary's accounts were based on its management accounts for the nine-month period ended 30 September 2007. The total subsidiary's assets, liabilities and net income included in these condensed consolidated interim financial statements amounted to KD 5,284 thousands, KD 1 thousands and KD 156 thousands respectively.

Estimates

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

Except as described below, in preparing these condensed consolidated interim financial statements, the significant judgments 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 consolidated financial statements as at and for the year ended 31 December 2006.

During the nine months ended 30 September 2007, management reassessed its estimate in respect of the general provision on finance facilities, based on revised requirements of the CBK. At 31 December 2006, a minimum general provision of 2% on all finance facilities net of certain categories of collateral, to which CBK instructions are applicable and not subject to specific provision, was made. With effect from 1 January 2007, a minimum general provision of 1% for the cash facilities and 0.5% for the non-cash facilities, net of certain categories of collateral, to which CBK instructions are applicable and not subject to specific provision, is made.

BOUBYAN BANK K.S.C.
STATE OF KUWAIT

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL
STATEMENTS (UNAUDITED)



For the period from 1 January 2007 to 30 September 2007

3. INVESTMENT INCOME

	Three months ended 30 September		Nine months ended 30 September	
	2007	2006	2007	2006
	KD'000	KD'000	KD'000	KD'000
Realized gain on money market funds	-	-	21	-
Unrealized gain on money market funds	261	281	738	792
Sukuk Coupon income	382	179	842	647
Income from investment properties	195	283	634	510
Gain from sale of available-for-sale investments	-	14	2	236
Gain from sale of associate	-	-	452	-
Dividend income	27	35	1,090	121
Unrealized gain from changes in fair value of investment properties	144	-	350	-
Realized gain from changes in fair value of investments carried at fair value through profit or loss	955	-	955	-
	<u>1,964</u>	<u>792</u>	<u>5,084</u>	<u>2,306</u>

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 September		Nine months ended 30 September	
	2007	2006	2007	2006
	KD'000	KD'000	KD'000	KD'000
Profit for the period attributable to equity holders of the Bank	<u>4,530</u>	<u>1,860</u>	<u>13,716</u>	<u>5,262</u>
Weighted average number of shares outstanding (shares)	<u>1,059,374,950</u>	<u>1,059,374,950</u>	<u>1,059,374,950</u>	<u>1,059,374,950</u>
Earnings per share (fils)	<u>4.3</u>	<u>1.8</u>	<u>13.0</u>	<u>5.0</u>

The weighted average number of shares at 30 September 2006 and accordingly earnings per share for nine and three-month periods ended 30 September 2006 have been adjusted to reflect the bonus issue during the period (note 15).

BOUBYAN BANK K.S.C.
STATE OF KUWAIT

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL
STATEMENTS (UNAUDITED)



For the period from 1 January 2007 to 30 September 2007

5. SHORT TERM MURABAHA

	30 September 2007	(Audited) 31 December 2006	30 September 2006
	KD'000	KD'000	KD'000
Banks	121,358	232,153	193,316
Financial institutions	77,688	46,630	81,629
Less: deferred profit	(339)	(517)	(1,358)
Less: provision for impairment	(1,241)	(922)	(1,615)
	<u>197,466</u>	<u>277,344</u>	<u>271,972</u>

6. RECEIVABLES

Receivables principally comprise Murabaha and Tawarruq balances and are stated net of provision for impairment as follows:

	30 September 2007	(Audited) 31 December 2006	30 September 2006
	KD'000	KD'000	KD'000
Banks	15,320	11,096	3,365
Financial institutions	59,544	43,950	18,356
Individuals and companies	106,491	66,909	67,367
Less: deferred profit	(4,967)	(4,328)	(3,614)
Less: provision for impairment	(2,566)	(1,929)	(1,336)
	<u>173,822</u>	<u>115,698</u>	<u>84,138</u>

7. AVAILABLE-FOR-SALE INVESTMENTS

	30 September 2007	(Audited) 31 December 2006	30 September 2006
	KD'000	KD'000	KD'000
Investments in Sukuk	22,982	12,330	9,723
Investments in unquoted securities	11,170	10,018	10,018
Investments in unquoted funds	11,093	8,362	6,810
	<u>45,245</u>	<u>30,710</u>	<u>26,551</u>

As at the balance sheet date, it was not possible to reliably measure the fair value of certain available-for-sale investments of KD 8,580 thousands (31 December 2006: KD 14,463 thousands, 30 September 2006: KD 15,658 thousands) due to lack of reliable measure to determine the fair value of such investments. Accordingly, they are stated at cost (fair value as at 31 December 2006) less impairment losses.

BOUBYAN BANK K.S.C.
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NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (UNAUDITED)



For the period from 1 January 2007 to 30 September 2007

8. INVESTMENT IN UNCONSOLIDATED SUBSIDIARY

During the period, the Bank has acquired a 100% interest in Boubyan Capital Investment Company K.S.C. (Closed), a Kuwaiti Shareholding Company engaged in investment management activities in accordance with Noble Islamic Sharia principles. The investment is stated at cost as the subsidiary did not start its operations yet.

9. INVESTMENT IN ASSOCIATES

	Country	Owner-ship%	30 September 2007	(Audited) 31 December 2006	30 September 2006
			KD'000	KD'000	KD'000
Bank Muamalat	Indonesia	21.28	5,332	5,526	5,353
Al Bilad Real Estate Co.	Kuwait	-	-	3,554	3,353
House of London & the Middle East plc	United Kingdom	20.00	16,353	-	-
Indonesia Leasing Co.	Indonesia	33.30	1,076	-	-
			<u>22,761</u>	<u>9,080</u>	<u>8,706</u>

As at 31 December 2006, the investment in House of London and the Middle East plc ("HLME") was classified as an investment in unconsolidated subsidiary as the Group had 100% stake in HLME. During the current period, HLME has increased its share capital from GBP 2 million (equivalent to KD 1,133 thousands) to GBP 175 million (equivalent to KD 99,292 thousands), however the Group did not fully subscribe to this increase. As a result, the Group's interest in HLME was diluted to 20%. The Group maintains significant influence by representation in HLME's Board of Directors. The investment therefore is accounted as an investment in associate. The investment is stated at cost as the associate has not commenced operations as at 30 September 2007.

The Group's share in the operating results of Bank Muamalat was recognised based on management accounts as at 31 August 2007. The Group's investment in Indonesia Leasing Company is stated at cost, as the associate has not commenced operations at 30 September 2007.

During the period, the Group disposed of its 31.7% shareholding equity in Al Bilad Real Estate Company for a total consideration of KD 3,805 thousands and recognized a gain on sale of KD 452 thousands being the difference between the consideration received and the carrying amount of the investment.

10. 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 statements captions:

10. RELATED PARTY TRANSACTIONS (Continued)

	30 September 2007	(Audited) 31 December 2006	30 September 2006
	KD'000	KD'000	KD'000
Due from related parties:			
Receivables and leased assets	19,426	7,528	-
Due to related parties:			
Due to banks and financial institutions	84,798	28,516	30,341
Depositors' accounts	253	3,082	294
Transactions with related parties:			
Revenue	1,482	937	433
Expenses	3,028	1,220	868
Letters of guarantee	238	66	66

Compensation of key management personnel

The remuneration to Directors and other members of key management during the period was as follows:

	Three months ended 30 September		Nine months ended 30 September	
	2007	2006	2007	2006
	KD'000	KD'000	KD'000	KD'000
Short-term benefits	250	121	623	384
Post-employment benefits	25	182	72	300
	<u>275</u>	<u>303</u>	<u>695</u>	<u>684</u>

11. CONTINGENCIES AND COMMITMENTS

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

	30 September 2007	31 December 2006	30 September 2006
	KD'000	KD'000	KD'000
Guarantees	19,113	27,453	25,279
Acceptance and letters of credit	2,684	13,030	11,622
Investment commitments	4,512	22,796	8,079
Capital commitments (projects under construction)	1,219	670	1,247
Credit commitments	39,365	8,507	-
	<u>66,893</u>	<u>72,456</u>	<u>46,227</u>

BOUBYAN BANK K.S.C.
STATE OF KUWAIT

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL
STATEMENTS (UNAUDITED)



For the period from 1 January 2007 to 30 September 2007

12. SEGMENT REPORTING

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

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

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

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

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

Nine months ended 30 September 2007

	<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	385	6,174	9,835	18,737	276	35,407
Segment expenses	(4,038)	(1,152)	(527)	(10,563)	(5,344)	(21,624)
Segment results	(3,653)	5,022	9,308	8,174	(5,068)	13,783
Segment assets	4,620	134,552	93,648	406,066	6,383	645,269
Segment liabilities	140,022	572	1	363,919	6,823	511,337

Nine months ended 30 September 2006

	<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	429	1,879	2,021	14,554	58	18,941
Segment expenses	(2,692)	(736)	(398)	(6,351)	(3,502)	(13,679)
Segment results	(2,263)	1,143	1,623	8,203	(3,444)	5,262
Segment assets	2,496	42,256	71,927	347,728	3,750	468,157
Segment liabilities	54,155	-	10,600	288,661	1,607	355,023

Three months ended 30 September 2007

	<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	151	2,710	1,897	5,964	112	10,834
Segment expenses	(1,426)	(326)	(210)	(2,713)	(1,616)	(6,291)
Segment results	(1,275)	2,384	1,687	3,251	(1,504)	4,543

BOUBYAN BANK K.S.C.
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STATEMENTS (UNAUDITED)

For the period from 1 January 2007 to 30 September 2007



12. SEGMENT REPORTING (Continued)

Three months ended 30 September 2006

	<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	418	791	537	5,232	(179)	6,799
Segment expenses	<u>(1,421)</u>	<u>(205)</u>	<u>(96)</u>	<u>(2,449)</u>	<u>(768)</u>	<u>(4,939)</u>
Segment results	<u>(1,003)</u>	<u>586</u>	<u>441</u>	<u>2,783</u>	<u>(947)</u>	<u>1,860</u>

13. 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 2006.

14. FIDUCIARY ASSETS

The aggregate value of assets held in a trust or fiduciary capacity by the Bank at 30 September 2007 amounted to KD 187,005 thousands, (31 December 2006: KD 118,511 thousands, 30 September 2006: 97,781 thousands).

15. DIVIDENDS

The general assembly of the shareholders held on 7 April 2007 has approved a bonus share dividend at 6% of share capital (2005: Nil) for the shareholders registered in the Bank's records at the general assembly date.

16. COMPARATIVE FIGURES

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