

**GULF BANK K.S.C.**

**INTERIM CONDENSED FINANCIAL INFORMATION  
(UNAUDITED)**

**30 June 2011**

## **REPORT ON REVIEW OF INTERIM CONDENSED FINANCIAL INFORMATION TO THE BOARD OF DIRECTORS OF GULF BANK K.S.C.**

### **Introduction**

We have reviewed the accompanying interim condensed statement of financial position of Gulf Bank K.S.C. ("the Bank") as at 30 June 2011 and the related interim condensed statements of income and comprehensive income for the three months and six months period then ended, and the related interim condensed statement of cash flows and changes in equity for the six months period then ended. The management of the Bank is responsible for the preparation and presentation of this interim condensed financial information in accordance with the basis of presentation set out in Note 2. Our responsibility is to express a conclusion on this interim condensed 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 financial information is not prepared, in all material respects, in accordance with the basis of presentation set out in Note 2.

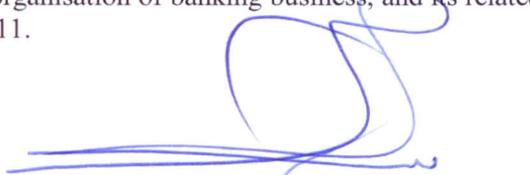
### **Report on other Legal and Regulatory Requirements**

Furthermore, based on our review, the interim condensed financial information is in agreement with the books of account of the Bank. We further report that, to the best of our knowledge and belief, we have not become aware of any violations of the Commercial Companies' Law of 1960, as amended, or of the Articles of Association of the Bank during the period ended 30 June 2011 that might have had a material effect on the business of the Bank or on its financial position.

We further report that, during the course of our review, to the best of our knowledge and belief, we have not become aware of any material violations 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, during the six months period ended 30 June 2011.



WALEED A. AL OSAIMI  
LICENCE NO. 68 A  
ERNST & YOUNG  
AL AIBAN, AL OSAIMI & PARTNERS



BADER A. AL WAZZAN  
LICENCE NO. 62-A  
DELOITTE & TOUCHE  
AL-FAHAD, AL WAZZAN & CO.

11 July 2011  
Kuwait

**GULF BANK K.S.C.**  
**Interim Condensed Statement of Income**  
**(Unaudited)**  
PERIOD ENDED

	<i>3 months ended</i>	<i>3 months ended</i>	<i>6 months ended</i>	<i>6 months ended</i>
	<i>30 June</i>	<i>30 June</i>	<i>30 June</i>	<i>30 June</i>
	<i>2011</i>	<i>2010</i>	<i>2011</i>	<i>2010</i>
<i>Note</i>	<i>KD 000's</i>	<i>KD 000's</i>	<i>KD 000's</i>	<i>KD 000's</i>
Interest income	43,149	47,916	85,036	94,543
Interest expense	16,788	19,330	34,258	41,033
<b>Net interest income</b>	<b>26,361</b>	<b>28,586</b>	<b>50,778</b>	<b>53,510</b>
Net fees and commissions	8,587	8,687	16,253	15,100
Net gains from dealing in foreign currencies and derivatives (including fair value movements of credit default swaps)	6,569	8,058	11,637	18,400
Realised gains from disposal of investments available-for-sale	3,026	7,542	3,831	22,013
Dividend income	50	2	53	84
Impairment loss on investments available-for-sale	(672)	(458)	(3,409)	(722)
Other income	179	39	334	113
<b>OPERATING INCOME</b>	<b>44,100</b>	<b>52,456</b>	<b>79,477</b>	<b>108,498</b>
Staff expenses	7,899	5,952	15,577	14,210
Occupancy costs	774	638	1,454	1,264
Depreciation	699	627	1,382	1,236
Other expenses	1,608	2,355	4,539	4,635
<b>Operating expenses</b>	<b>10,980</b>	<b>9,572</b>	<b>22,952</b>	<b>21,345</b>
<b>OPERATING PROFIT BEFORE PROVISIONS</b>	<b>33,120</b>	<b>42,884</b>	<b>56,525</b>	<b>87,153</b>
Charge/ (release) of provisions:				
- specific	3,349	52,306	7,261	93,226
- general	14,698	(10,949)	35,682	(9,076)
Loans written-off/ (recovery)	6,139	-	(5,588)	928
<b>OPERATING PROFIT</b>	<b>8,934</b>	<b>1,527</b>	<b>19,170</b>	<b>2,075</b>
Contribution to Kuwait Foundation for the Advancement of Sciences	90	16	192	21
National Labour Support Tax	220	37	474	51
Zakat	90	16	192	21
<b>PROFIT FOR THE PERIOD</b>	<b>8,534</b>	<b>1,458</b>	<b>18,312</b>	<b>1,982</b>
<b>BASIC AND DILUTED EARNINGS PER SHARE (Fils)</b>	<b>3</b>	<b>1</b>	<b>7</b>	<b>1</b>

The attached notes 1 to 9 form part of the interim condensed financial information.

**GULF BANK K.S.C.**  
**Interim Condensed Statement of Comprehensive Income**  
**(Unaudited)**  
PERIOD ENDED

	<i>3 months ended</i> <i>30 June</i> <i>2011</i> <i>KD 000's</i>	<i>3 months ended</i> <i>30 June</i> <i>2010</i> <i>KD 000's</i>	<i>6 months ended</i> <i>30 June</i> <i>2011</i> <i>KD 000's</i>	<i>6 months ended</i> <i>30 June</i> <i>2010</i> <i>KD 000's</i>
<b>Profit for the period</b>	<u>8,534</u>	<u>1,458</u>	<u>18,312</u>	<u>1,982</u>
<b>Other comprehensive expense</b>				
Net unrealised losses on investments available-for-sale	(742)	(1,754)	(139)	(761)
Net realised gains on disposal of/ impairment losses on investments available-for-sale recycled	<u>(2,131)</u>	<u>(7,102)</u>	<u>(1,431)</u>	<u>(19,682)</u>
<b>Other comprehensive expense for the period</b>	<u>(2,873)</u>	<u>(8,856)</u>	<u>(1,570)</u>	<u>(20,443)</u>
<b>Total comprehensive income/(expense) for the period</b>	<u><u>5,661</u></u>	<u><u>(7,398)</u></u>	<u><u>16,742</u></u>	<u><u>(18,461)</u></u>

The attached notes 1 to 9 form part of the interim condensed financial information.

**GULF BANK K.S.C.**  
**Interim Condensed Statement of Financial Position**

	<i>(Unaudited)</i> <b>30 June</b> <b>2011</b> <i>KD 000's</i>	<i>(Audited)</i> <b>31 December</b> <b>2010</b> <i>KD 000's</i>	<i>(Unaudited)</i> <b>30 June</b> <b>2010</b> <i>KD 000's</i>
<b>ASSETS</b>			
Cash and short term funds	281,977	280,193	336,739
Treasury bills and bonds	537,992	521,463	500,226
Central Bank of Kuwait bonds	342,479	310,055	317,948
Deposits with banks and other financial institutions	76,256	111,210	68,362
Loans and advances to banks	45,413	21,780	9,702
Loans and advances to customers	3,242,667	3,181,377	3,104,229
Investments available-for-sale	102,153	92,218	97,279
Other assets	47,561	55,657	53,094
Premises and equipment	25,859	25,824	25,716
<b>TOTAL ASSETS</b>	<b>4,702,357</b>	<b>4,599,777</b>	<b>4,513,295</b>
<b>LIABILITIES AND EQUITY</b>			
<b>LIABILITIES</b>			
Due to banks	71,181	67,321	50,657
Deposits from financial institutions	819,548	886,577	784,896
Customer deposits	3,222,816	3,070,866	3,113,380
Subordinated loans	82,335	84,180	87,270
Other liabilities	77,972	80,118	85,864
<b>TOTAL LIABILITIES</b>	<b>4,273,852</b>	<b>4,189,062</b>	<b>4,122,067</b>
<b>EQUITY</b>			
Share capital	4 250,770	250,770	250,770
Share premium	153,024	153,024	153,024
Property revaluation reserve	16,243	16,243	16,639
Treasury share reserve	24,289	24,993	25,423
Fair valuation reserve	15,748	17,318	15,074
Retained earnings (accumulated deficit)	10,926	(7,386)	(24,463)
	<b>471,000</b>	<b>454,962</b>	<b>436,467</b>
Treasury shares	5 (42,495)	(44,247)	(45,239)
	<b>428,505</b>	<b>410,715</b>	<b>391,228</b>
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>4,702,357</b>	<b>4,599,777</b>	<b>4,513,295</b>



**Ali Al-Rashaid Al-Bader**  
*(Chairman)*



**Michel Accad**  
*(Chief General Manager & Chief Executive Officer)*

The attached notes 1 to 9 form part of the interim condensed financial information.

**GULF BANK K.S.C.**  
**Interim Condensed Statement of Cash Flows**  
**(Unaudited)**  
**PERIOD ENDED**

	<i>6 months ended</i> <i>30 June</i> <i>2011</i> <i>KD 000's</i>	<i>6 months ended</i> <i>30 June</i> <i>2010</i> <i>KD 000's</i>
<b>OPERATING ACTIVITIES</b>		
Profit for the period	18,312	1,982
Adjustments:		
Realised gains from disposal of investments available-for-sale	(3,831)	(22,013)
Dividend income	(53)	(84)
Impairment loss on investments available-for-sale	3,409	722
Depreciation	1,382	1,236
Effective interest rate adjustment	1,563	355
Loans (recovery)/written-off	(5,588)	928
Loan loss provisions	42,943	84,150
Foreign exchange movement on subordinated loans	(1,845)	1,230
<b>OPERATING PROFIT BEFORE CHANGES IN OPERATING ASSETS AND LIABILITIES</b>	<b>56,292</b>	<b>68,506</b>
<i>(Increase)/decrease in operating assets:</i>		
Treasury bills and bonds	(16,529)	(14,020)
Central Bank of Kuwait bonds	(32,424)	(45,461)
Deposits with banks and other financial institutions	34,954	1,905
Loans and advances to banks	(23,633)	(444)
Loans and advances to customers	(100,399)	74,171
Other assets	8,096	(2,037)
<i>(Decrease)/increase in operating liabilities:</i>		
Due to banks	3,860	(39,217)
Deposits from financial institutions	(67,029)	(134,066)
Customer deposits	151,950	(36,060)
Other liabilities	(1,955)	(3,958)
<b>NET CASH FLOWS FROM/(USED IN) OPERATING ACTIVITIES</b>	<b>13,183</b>	<b>(130,681)</b>
<b>INVESTING ACTIVITIES</b>		
Purchase of investments available-for-sale	(25,721)	(453)
Proceeds from sale of investments available-for-sale	14,638	46,668
Purchase of premises and equipment	(1,417)	(2,065)
Dividends received	53	84
<b>NET CASH FLOWS (USED IN)/FROM INVESTING ACTIVITIES</b>	<b>(12,447)</b>	<b>44,234</b>
<b>FINANCING ACTIVITIES</b>		
Purchase of treasury shares	(13)	(52)
Proceeds from sale of treasury shares	1,061	1,888
<b>NET CASH FLOWS FROM FINANCING ACTIVITIES</b>	<b>1,048</b>	<b>1,836</b>
<b>NET INCREASE/(DECREASE) IN CASH AND SHORT TERM FUNDS</b>	<b>1,784</b>	<b>(84,611)</b>
<b>CASH AND SHORT TERM FUNDS AT 1 JANUARY</b>	<b>280,193</b>	<b>421,350</b>
<b>CASH AND SHORT TERM FUNDS AT 30 JUNE</b>	<b>281,977</b>	<b>336,739</b>
<b>Additional cash flow information</b>		
Interest received	85,199	67,554
Interest paid	35,370	41,144

The attached notes 1 to 9 form part of the interim condensed financial information.

**GULF BANK K.S.C.**  
**Interim Condensed Statement of Changes in Equity (Unaudited)**  
SIX MONTHS PERIOD ENDED

	RESERVES								Treasury shares KD 000's	Total KD 000's	
	Share capital KD 000's	Statutory reserve KD 000's	General reserve KD 000's	Share premium KD 000's	Property revaluation reserve KD 000's	Treasury share reserve KD 000's	Fair valuation reserve KD 000's	Retained earnings (accumulated deficit) KD 000's			Sub-total reserves KD 000's
At 1 January 2010	250,770	-	-	153,024	16,639	27,979	35,517	(26,445)	206,714	(49,631)	407,853
Purchase of treasury shares	-	-	-	-	-	-	-	-	-	(52)	(52)
Sale of treasury shares	-	-	-	-	-	-	-	-	-	4,444	4,444
Loss on sale of treasury shares	-	-	-	-	-	(2,556)	-	-	(2,556)	-	(2,556)
Total comprehensive (expense)/income for the period	-	-	-	-	-	-	(20,443)	1,982	(18,461)	-	(18,461)
At 30 June 2010	250,770	-	-	153,024	16,639	25,423	15,074	(24,463)	185,697	(45,239)	391,228
<b>At 1 January 2011</b>	<b>250,770</b>	<b>-</b>	<b>-</b>	<b>153,024</b>	<b>16,243</b>	<b>24,993</b>	<b>17,318</b>	<b>(7,386)</b>	<b>204,192</b>	<b>(44,247)</b>	<b>410,715</b>
Purchase of treasury shares	-	-	-	-	-	-	-	-	-	(13)	(13)
Sale of treasury shares	-	-	-	-	-	-	-	-	-	1,765	1,765
Loss on sale of treasury shares	-	-	-	-	-	(704)	-	-	(704)	-	(704)
Total comprehensive (expense)/income for the period	-	-	-	-	-	-	(1,570)	18,312	16,742	-	16,742
At 30 June 2011	250,770	-	-	153,024	16,243	24,289	15,748	10,926	220,230	(42,495)	428,505

The attached notes 1 to 9 form part of the interim condensed financial information.

**GULF BANK K.S.C.**  
**Notes to the Interim Condensed Financial Information**  
**(Unaudited)**  
30 June 2011

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**1. INCORPORATION AND REGISTRATION**

Gulf Bank K.S.C. (the Bank) is a public shareholding company incorporated in Kuwait and is registered as a Bank with the Central Bank of Kuwait and its registered office is at Mubarak Al Kabir Street, P.O. Box 3200, 13032 Safat, Kuwait. The interim condensed financial information of the Bank for the six months period ended 30 June 2011 was authorised by the Board of Directors for issue on 11 July 2011.

**2. BASIS OF PRESENTATION**

This interim condensed financial information of the Bank has been prepared in accordance with IAS 34, Interim Financial Reporting, except as noted below:

The annual financial statements for the year ended 31 December 2010 were prepared in accordance with the regulations of the State of Kuwait for financial services institutions regulated by the Central Bank of Kuwait. These regulations require adoption of all International Financial Reporting Standards (IFRS) except for the IAS 39 requirement for collective impairment provision, which has been replaced by the Central Bank of Kuwait's requirement for a minimum general provision made on all applicable credit facilities (net of certain categories of collateral) that are not provided specifically.

The accounting policies used in the preparation of the interim condensed financial information are consistent with those used in the preparation of the annual financial statements for the year ended 31 December 2010.

The interim condensed financial information does not contain all information and disclosures required for full financial statements prepared in accordance with International Financial Reporting Standards, and should be read in conjunction with the Bank's annual financial statements for the year ended 31 December 2010. Further, operating results for the six months period ended 30 June 2011 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2011.

This interim condensed financial information has been presented in Kuwaiti Dinars rounded off to the nearest thousand.

**3. BASIC AND DILUTED EARNINGS PER SHARE**

Basic and diluted earnings per share are based on the weighted average number of shares outstanding during the period, which is as follows:

	<i>3 months ended 30 June 2011 KD 000's</i>	<i>3 months ended 30 June 2010 KD 000's</i>	<i>6 months ended 30 June 2011 KD 000's</i>	<i>6 months ended 30 June 2010 KD 000's</i>
Profit for the period	8,534	1,458	18,312	1,982
	<u>Shares</u>	<u>Shares</u>	<u>Shares</u>	<u>Shares</u>
Weighted average number of issued shares	2,507,702,366	2,507,702,366	2,507,702,366	2,507,702,366
Less: Weighted average number of treasury shares	(45,910,385)	(49,437,583)	(46,391,941)	(50,750,422)
	<u>2,461,791,981</u>	<u>2,458,264,783</u>	<u>2,461,310,425</u>	<u>2,456,951,944</u>
Basic and diluted earnings per share (Fils)	<u>3</u>	<u>1</u>	<u>7</u>	<u>1</u>

**GULF BANK K.S.C.**  
**Notes to the Interim Condensed Financial Information**  
**(Unaudited)**  
30 June 2011

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**4. SHARE CAPITAL**

	<i>(Unaudited)</i> <b>30 June</b> <b>2011</b> <i>KD 000's</i>	<i>(Audited)</i> <b>31 December</b> <b>2010</b> <i>KD 000's</i>	<i>(Unaudited)</i> <b>30 June</b> <b>2010</b> <i>KD 000's</i>
Authorised, issued and fully paid up 2,507,702,366 (2010: 2,507,702,366) shares of 100 fils each	<b>250,770</b>	250,770	250,770

**5. TREASURY SHARES**

	<i>(Unaudited)</i> <b>30 June</b> <b>2011</b>	<i>(Audited)</i> <b>31 December</b> <b>2010</b>	<i>(Unaudited)</i> <b>30 June</b> <b>2010</b>
Number of treasury shares	<b>45,033,737</b>	46,878,737	47,883,737
Percentage of treasury shares	<b>1.80%</b>	1.87%	1.91%
Cost of treasury shares (KD 000's)	<b>42,495</b>	44,247	45,239
Market value of treasury shares (KD 000's)	<b>24,318</b>	26,721	19,393

**GULF BANK K.S.C.**  
**Notes to the Interim Condensed Financial Information**  
**(Unaudited)**  
30 June 2011

**6. SEGMENTAL ANALYSIS**

**By Business Unit**

Commercial Banking Acceptance of deposits from individuals, corporates' and institutional customers and providing consumer loans, overdrafts, credit card facilities and funds transfer facilities to individuals; and other credit facilities of corporate and institutional customers.

Treasury & Investments Providing money market, trading and treasury services, as well as management of the Bank's funding operations by use of treasury bills, government securities, placements and acceptances with other banks. The proprietary investments of the Bank are managed by the investments unit.

Segmental information for the six month period ended 30 June is as follows:

	Commercial Banking		Treasury & Investments		Total	
	2011 KD 000's	2010 KD 000's	2011 KD 000's	2010 KD 000's	2011 KD 000's	2010 KD 000's
Operating income (Excluding unallocated income provided below)	<u>61,700</u>	<u>58,958</u>	<u>8,738</u>	<u>32,702</u>	<u>70,438</u>	<u>91,660</u>
Segment result	<u>38,028</u>	<u>(52,229)</u>	<u>7,385</u>	<u>31,206</u>	<u>45,413</u>	<u>(21,023)</u>
Unallocated income					<u>9,040</u>	<u>16,839</u>
Unallocated expense					<u>(36,141)</u>	<u>6,166</u>
<b>Profit for the period</b>					<u><b>18,312</b></u>	<u><b>1,982</b></u>
Segment assets	<u>3,301,024</u>	<u>3,128,962</u>	<u>1,322,195</u>	<u>1,303,655</u>	<u>4,623,219</u>	<u>4,432,617</u>
Unallocated assets					<u>79,138</u>	<u>80,678</u>
<b>Total Assets</b>					<u><b>4,702,357</b></u>	<u><b>4,513,295</b></u>
Segment liabilities	<u>2,956,435</u>	<u>2,606,113</u>	<u>1,195,433</u>	<u>1,387,399</u>	<u>4,151,868</u>	<u>3,993,512</u>
Unallocated liabilities and equity					<u>550,489</u>	<u>519,783</u>
<b>Total Liabilities and Equity</b>					<u><b>4,702,357</b></u>	<u><b>4,513,295</b></u>

**GULF BANK K.S.C.**  
**Notes to the Interim Condensed Financial Information**  
**(Unaudited)**  
30 June 2011

**7. RELATED PARTY TRANSACTIONS**

Certain related parties (directors and officers of the Bank, their families and companies of which they are principal owners) were customers of the Bank in the ordinary course of business. Such transactions were made on substantially the same terms, including interest rates and collateral, as those prevailing at the same time for comparable transactions with unrelated parties, and did not involve more than a normal amount of risk.

The balances included in the financial position are as follows:

	Directors and Key Management Personnel		
	<i>(Unaudited)</i> 30 June 2011 KD 000's	<i>(Audited)</i> 31 December 2010 KD 000's	<i>(Unaudited)</i> 30 June 2010 KD 000's
<b>Board members:</b>			
Loans, receivables and advances	101,093	160,448	162,977
Provision for losses on receivable from related parties	-	-	-
Deposits	353,776	488,133	468,412
Guarantees issued	12,508	10,157	4,628
<b>Executive management:</b>			
Loans	1,037	1,026	1,531
Deposits	1,374	977	1,026
Guarantees issued	1	1	1

The loans granted to directors and key management personnel are repayable within three years and have interest rates of 3% to 7% (2010: 3% to 7%) per annum. Some of the loans advanced above are collateralised. The fair value of these collaterals as of 30 June 2011 was **KD 98,634 thousand** (31 December 2010: KD 193,457 thousand and 30 June 2010: KD 161,884 thousand).

The transactions included in the interim condensed statement of income are as follows:

	<i>6 months ended</i> 30 June 2011 KD 000's	<i>6 months ended</i> 30 June 2010 KD 000's
<b>Board members, directors and key management personnel:</b>		
Interest income earned	573	3,328
Interest expense on deposits	1,183	5,826
Provision for losses on receivable from related parties	-	3,476
<b>Key management compensation:</b>		
Salaries and other short-term benefits	1,399	1,268
End of service/termination benefits	56	45

**GULF BANK K.S.C.**  
**Notes to the Interim Condensed Financial Information**  
**(Unaudited)**  
30 June 2011

**8. CONTINGENT LIABILITIES AND COMMITMENTS**

	<i>(Unaudited)</i> 30 June 2011 KD 000's	<i>(Audited)</i> 31 December 2010 KD 000's	<i>(Unaudited)</i> 30 June 2010 KD 000's
Guarantees	880,400	969,495	986,427
Letters of credit	252,244	211,209	213,078
Capital commitment	-	1,122	1,629
Irrevocable commitment to extend credit:			
Original term to maturity of more than one year	34,306	15,000	17,074
	<u>1,166,950</u>	<u>1,196,826</u>	<u>1,218,208</u>

As at the reporting date the Bank had undrawn commitments to extend overdraft facilities to customers amounting to **KD 103,144 thousand** (31 December 2010: KD 82,376 thousand and 30 June 2010: KD 78,202 thousand). The contractual terms entitle the Bank to withdraw these facilities at any time.

**9. DERIVATIVES**

In the ordinary course of business the Bank enters into various types of transactions that involve derivative financial instruments. A derivative financial instrument is a financial contract between two parties where payments are dependent upon movements in price of one or more underlying financial instruments, reference rate or index.

The table below shows notional amounts of derivative financial instruments analysed by the term to maturity. The notional amount is the amount of a derivative's underlying asset, reference rate or index and is the basis upon which changes in the value of derivatives are measured.

The notional amounts indicate the volume of transactions outstanding at the period end and are not indicative of either market or credit risk.

**At 30 June 2011:**

	<i>Positive fair value KD 000's</i>	<i>Negative fair value KD 000's</i>	<i>Notional amount total KD 000's</i>	<i>Notional amounts by term to maturity</i>		
				<i>Within 3 months KD 000's</i>	<i>3-12 months KD 000's</i>	<i>Over 1 year KD 000's</i>
<b>Derivatives instruments held as:</b>						
Trading (and non qualifying hedges)						
Forward foreign exchange contracts	90	(61)	22,922	18,456	4,466	-
Credit default swaps	-	(10,493)	346,630	17,839	78,708	250,083
Structured products	5,429	-	10,978	-	-	10,978
	<u>5,519</u>	<u>(10,554)</u>	<u>380,530</u>	<u>36,295</u>	<u>83,174</u>	<u>261,061</u>

**At 31 December 2010:**

	<i>Positive fair value KD 000's</i>	<i>Negative fair value KD 000's</i>	<i>Notional amount total KD 000's</i>	<i>Notional amounts by term to maturity</i>		
				<i>Within 3 months KD 000's</i>	<i>3-12 months KD 000's</i>	<i>Over 1 year KD 000's</i>
<b>Derivatives instruments held as:</b>						
Trading (and non qualifying hedges)						
Forward foreign exchange contracts	-	-	13,979	13,979	-	-
Credit default swaps	-	(14,473)	380,650	8,418	65,941	306,291
Structured products	10,688	-	11,224	-	-	11,224
	<u>10,688</u>	<u>(14,473)</u>	<u>405,853</u>	<u>22,397</u>	<u>65,941</u>	<u>317,515</u>

**GULF BANK K.S.C.**  
**Notes to the Interim Condensed Financial Information**  
**(Unaudited)**  
30 June 2011

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**9. DERIVATIVES (continued)**

At 30 June 2010:

	<i>Positive fair value KD 000's</i>	<i>Negative fair value KD 000's</i>	<i>Notional amount total KD 000's</i>	<i>Notional amounts by term to maturity</i>		
				<i>Within 3 months KD 000's</i>	<i>3-12 months KD 000's</i>	<i>Over 1 year KD 000's</i>
Derivatives instruments held as:						
Trading (and non qualifying hedges)						
Forward foreign exchange contracts	-	(4)	14,545	14,545	-	-
Credit default swaps	-	(19,871)	413,176	14,545	17,454	381,177
Structured products	25,019	(66)	47,271	-	2,909	44,362
	<u>25,019</u>	<u>(19,941)</u>	<u>474,992</u>	<u>29,090</u>	<u>20,363</u>	<u>425,539</u>