

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

**INTERIM CONDENSED FINANCIAL INFORMATION  
(UNAUDITED)**

**30 SEPTEMBER 2009**

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

	<i>3 months ended</i> <i>30 September</i> <i>2009</i> <i>KD 000's</i>	<i>3 months ended</i> <i>30 September</i> <i>2008</i> <i>KD 000's</i>	<i>9 months ended</i> <i>30 September</i> <i>2009</i> <i>KD 000's</i>	<i>9 months ended</i> <i>30 September</i> <i>2008</i> <i>KD 000's</i>
Interest income	<b>51,657</b>	80,440	<b>166,080</b>	253,310
Interest expense	<b>24,136</b>	49,889	<b>96,209</b>	161,042
<b>Net interest income</b>	<b>27,521</b>	30,551	<b>69,871</b>	92,268
Net fees and commissions	<b>7,390</b>	8,383	<b>18,907</b>	22,253
Net gains from dealing in foreign currencies and derivatives (including fair value movements of credit default swaps)	<b>15,865</b>	1,006	<b>37,135</b>	11,367
Realised gains (loss) on disposal of investments available-for-sale	<b>4,059</b>	(7,832)	<b>7,905</b>	(586)
Dividend income	<b>5</b>	334	<b>147</b>	1,660
Impairment loss on investments available-for-sale	<b>(468)</b>	-	<b>(5,028)</b>	-
Other operating income	<b>37</b>	52	<b>147</b>	197
<b>OPERATING INCOME</b>	<b>54,409</b>	32,494	<b>129,084</b>	127,159
Staff expenses	<b>7,014</b>	5,751	<b>19,249</b>	17,471
Occupancy costs	<b>599</b>	557	<b>1,753</b>	1,507
Depreciation	<b>584</b>	667	<b>1,774</b>	1,879
Other expenses	<b>3,405</b>	2,015	<b>12,362</b>	5,546
<b>Operating expenses</b>	<b>11,602</b>	8,990	<b>35,138</b>	26,403
<b>OPERATING PROFIT BEFORE PROVISIONS</b>	<b>42,807</b>	23,504	<b>93,946</b>	100,756
Charge/(release) of provisions:				
Specific	<b>43,461</b>	8,931	<b>132,999</b>	26,630
General	<b>(1,123)</b>	(17,185)	<b>(32,031)</b>	(16,315)
<b>OPERATING PROFIT/(LOSS)</b>	<b>469</b>	31,758	<b>(7,022)</b>	90,441
Contribution to Kuwait Foundation for the Advancement of Sciences	-	317	-	904
National Labour Support Tax	-	1,199	-	2,678
Zakat	-	317	-	904
<b>PROFIT /(LOSS) FOR THE PERIOD</b>	<b>469</b>	29,925	<b>(7,022)</b>	85,955
<b>BASIC EARNINGS/(LOSS) PER SHARE (Fils)</b>	<b>-</b>	25	<b>(3)</b>	70

The attached notes 1 to 11 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 September</i> <i>2009</i> <i>KD 000's</i>	<i>3 months ended</i> <i>30 September</i> <i>2008</i> <i>KD 000's</i>	<i>9 months ended</i> <i>30 September</i> <i>2009</i> <i>KD 000's</i>	<i>9 months ended</i> <i>30 September</i> <i>2008</i> <i>KD 000's</i>
<b>Profit/ (loss)for the period</b>	<b>469</b>	29,925	<b>(7,022)</b>	85,955
<b>Other comprehensive income</b>				
Net unrealised gain/(loss) on available-for-sale investments	<b>6,004</b>	(33,342)	<b>26,346</b>	(40,022)
Net realised (gain)/ loss transferred to statement of income on disposal of available-for-sale investments	<b>(3,293)</b>	7,984	<b>(4,787)</b>	3,443
<b>Other comprehensive income/(loss) for the period included in equity</b>	<b>2,711</b>	(25,358)	<b>21,559</b>	(36,579)
<b>Total comprehensive income for the period</b>	<b>3,180</b>	4,567	<b>14,537</b>	49,376

The attached notes 1 to 11 form part of the interim condensed financial information.

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

		<i>(Unaudited)</i> 30 September 2009 KD 000's	<i>(Audited)</i> 31 December 2008 KD 000's	<i>(Unaudited)</i> 30 September 2008 KD 000's
<b>ASSETS</b>				
Cash and short term funds		472,900	381,921	396,762
Treasury bills and bonds		383,965	426,597	429,238
Central Bank of Kuwait bonds		203,333	24,983	69,551
Deposits with banks and other financial institutions		16,999	413,926	499,265
Loans and advances to banks		13,583	31,973	32,438
Loans and advances to customers		3,403,993	3,448,322	3,483,663
Investments available-for-sale		149,020	156,092	203,189
Other assets		33,073	39,968	49,564
Premises and equipment		24,165	23,665	22,971
<b>TOTAL ASSETS</b>		<b>4,701,031</b>	<b>4,947,447</b>	<b>5,186,641</b>
<b>LIABILITIES AND EQUITY</b>				
<b>LIABILITIES</b>				
Due to Central Bank of Kuwait		-	80,000	-
Due to banks		149,963	91,509	134,519
Deposits from financial institutions		863,553	658,508	718,104
Customer deposits		3,064,278	3,825,721	3,654,562
Floating rate notes		-	-	53,260
Subordinated loans		85,980	82,785	79,890
Other liabilities		110,903	170,936	100,831
		<b>4,274,677</b>	<b>4,909,459</b>	<b>4,741,166</b>
<b>EQUITY</b>				
Share capital	4	250,770	125,385	125,385
Share premium	4	153,024	46,044	46,044
Statutory reserve	4	-	89,438	89,438
General reserve	4	-	2,356	2,356
Property revaluation reserve		15,528	15,528	15,159
Treasury share reserve		27,979	27,979	27,979
Fair valuation reserve		32,178	10,619	(27,712)
(Accumulated deficit)/retained earnings		(5,394)	(233,957)	211,514
		<b>474,085</b>	<b>83,392</b>	<b>490,163</b>
Treasury shares	6	(47,731)	(45,404)	(44,688)
		<b>426,354</b>	<b>37,988</b>	<b>445,475</b>
<b>TOTAL LIABILITIES AND EQUITY</b>		<b>4,701,031</b>	<b>4,947,447</b>	<b>5,186,641</b>

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

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

The attached notes 1 to 11 form part of the interim condensed financial information.

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

	<i>9 months ended</i> <b>30 September</b> <i>2009</i> <b>KD 000's</b>	<i>9 months ended</i> <b>30 September</b> <i>2008</i> <b>KD 000's</b>
<b>OPERATING ACTIVITIES</b>		
(Loss)/profit for the period	(7,022)	85,955
Adjustments:		
Realised (gain) loss from disposal of investments available-for-sale	(7,905)	586
Dividend income	(147)	(1,660)
Impairment loss on investments available-for-sale	5,028	-
Depreciation	1,774	1,879
Loans loss provisions	100,968	10,315
<b>OPERATING PROFIT BEFORE CHANGES IN OPERATING ASSETS AND LIABILITIES</b>	<b>92,696</b>	<b>97,075</b>
<i>(Increase) decrease in operating assets:</i>		
Treasury bills and bonds	42,632	(16,331)
Central Bank of Kuwait bonds	(178,350)	106,374
Deposits with banks and other financial institutions	396,927	(185,524)
Loans and advances to banks	18,390	5,555
Loans and advances to customers	(55,592)	(220,159)
Other assets	6,895	(26,431)
<i>(Decrease) increase in operating liabilities:</i>		
Due to banks	58,454	(167,127)
Deposits from financial institutions	205,045	(156,361)
Customer deposits	(761,443)	463,233
Floating rate notes	-	(1,340)
Subordinated loans	3,195	(2,010)
Other liabilities	(61,080)	7,463
<b>NET CASH USED IN OPERATING ACTIVITIES</b>	<b>(232,231)</b>	<b>(95,583)</b>
<b>INVESTING ACTIVITIES</b>		
Purchase of investments available-for-sale	(164)	(130,429)
Proceeds from sale of investments available-for-sale	31,672	132,954
Purchase of premises and equipment	(2,274)	(1,581)
Dividend received	147	1,660
<b>NET CASH FROM INVESTING ACTIVITIES</b>	<b>29,381</b>	<b>2,604</b>
<b>FINANCING ACTIVITIES</b>		
Due to Central Bank of Kuwait	(80,000)	-
Dividend paid	-	(69,820)
Capital contribution from rights issue	376,156	-
Purchase of treasury shares	(3,027)	(24,945)
Sale of treasury shares	-	240
Proceeds from sale of treasury shares rights entitlement	700	-
<b>NET CASH FROM (USED IN) FINANCING ACTIVITIES</b>	<b>293,829</b>	<b>(94,525)</b>
<b>NET INCREASE (DECREASE) IN CASH AND SHORT TERM FUNDS</b>	<b>90,979</b>	<b>(187,504)</b>
<b>CASH AND SHORT TERM FUNDS AT 1 JANUARY</b>	<b>381,921</b>	<b>584,266</b>
<b>CASH AND SHORT TERM FUNDS AT 30 SEPTEMBER</b>	<b>472,900</b>	<b>396,762</b>

The attached notes 1 to 11 form part of the interim condensed financial information.

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

	RESERVES											Treasury shares KD 000's	Proposed dividend KD 000's	Total KD 000's
	Share capital KD 000's	Proposed bonus shares 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	(Accumulated deficit) retained earnings KD 000's	Sub-total reserves KD 000's				
At 1 January 2008	109,030	16,355	89,438	2,356	46,044	15,159	27,928	8,867	125,559	315,351	(19,932)	69,820	490,624	
Issue of capital	16,355	(16,355)	-	-	-	-	-	-	-	-	-	-	-	
Purchase of treasury shares	-	-	-	-	-	-	-	-	-	-	(24,945)	-	(24,945)	
Sale of treasury shares	-	-	-	-	-	-	-	-	-	-	189	-	189	
Dividend paid	-	-	-	-	-	-	-	-	-	-	-	(69,820)	(69,820)	
Profit on sale of treasury shares	-	-	-	-	-	-	51	-	-	51	-	-	51	
Total comprehensive income for the period	-	-	-	-	-	-	-	(36,579)	85,955	49,376	-	-	49,376	
<b>At 30 September 2008</b>	<b>125,385</b>	<b>-</b>	<b>89,438</b>	<b>2,356</b>	<b>46,044</b>	<b>15,159</b>	<b>27,979</b>	<b>(27,712)</b>	<b>211,514</b>	<b>364,778</b>	<b>(44,688)</b>	<b>-</b>	<b>445,475</b>	
<b>At 1 January 2009</b>	<b>125,385</b>	<b>-</b>	<b>89,438</b>	<b>2,356</b>	<b>46,044</b>	<b>15,528</b>	<b>27,979</b>	<b>10,619</b>	<b>(233,957)</b>	<b>(41,993)</b>	<b>(45,404)</b>	<b>-</b>	<b>37,988</b>	
Issue of capital	125,385	-	-	-	250,771	-	-	-	-	250,771	-	-	376,156	
Purchase of treasury shares	-	-	-	-	-	-	-	-	-	-	(3,027)	-	(3,027)	
Sale of rights entitlement on treasury shares	-	-	-	-	-	-	-	-	-	-	700	-	700	
Accumulated deficit set off against reserves (Note 4)	-	-	(89,438)	(2,356)	(143,791)	-	-	-	235,585	-	-	-	-	
Total comprehensive income for the period	-	-	-	-	-	-	-	21,559	(7,022)	14,537	-	-	14,537	
<b>At 30 September 2009</b>	<b>250,770</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>153,024</b>	<b>15,528</b>	<b>27,979</b>	<b>32,178</b>	<b>(5,394)</b>	<b>223,315</b>	<b>(47,731)</b>	<b>-</b>	<b>426,354</b>	

The attached notes 1 to 11 from part of the interim condensed financial information.

**GULF BANK K.S.C.**  
**Notes to the Interim Condensed Financial Information**  
**(Unaudited)**  
30 September 2009

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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 nine months period ended 30 September 2009 was authorised by the Board of Directors for issue on 12 October 2009.

**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 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 2008, except as noted below. The annual financial statements for the year ended 31 December 2008 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.

During the period, the Bank has adopted the following standards effective for the interim/annual periods beginning on or after 1 January 2009.

IAS 1 'Presentation of Financial Statements' (Revised):

The revised standard requires all non-owner changes in equity (i.e. comprehensive income) to be presented separately in a statement of comprehensive income.

IFRS 8 'Operating segments':

The new standard which replaced IAS 14 'Segment reporting' requires a 'management approach' under which segment information is presented on the same basis as that used for internal reporting purposes. In addition, the segments are reported in a manner that is more consistent with the internal reporting provided to the chief operating decision - maker.

Operating results for the nine months period are not necessarily indicative of the results that may be expected for the year ending 31 December 2009.

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

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

30 September 2009

**3. BASIC (LOSS) EARNINGS PER SHARE**

Basic earnings (loss) per share is based on the weighted average number of shares outstanding during the period, which is as follows:

	<i>3 months ended 30 September 2009 KD 000's</i>	<i>3 months ended 30 September 2008 KD 000's</i>	<i>9 months ended 30 September 2009 KD 000's</i>	<i>9 months ended 30 September 2008 KD 000's</i>
Profit (loss) for the period	<b>469</b>	29,925	<b>(7,022)</b>	85,955
	<u>Shares</u>	<u>Shares</u>	<u>Shares</u>	<u>Shares</u>
Weighted average number of issued shares	<b>2,507,702,366</b>	1,253,851,183	<b>2,392,880,829</b>	1,253,851,183
Less: Weighted average number of treasury shares	<b>(43,570,367)</b>	(33,210,530)	<b>(38,726,045)</b>	(26,521,429)
	<u><b>2,464,131,999</b></u>	<u>1,220,640,653</u>	<u><b>2,354,154,784</b></u>	<u>1,227,329,754</u>
Earnings (loss) per share (Fils)	<u>-</u>	<u>25</u>	<u><b>(3)</b></u>	<u>70</u>

The earnings (loss) per share for the three months and nine months period ended 30 September 2009 and the corresponding period of previous year have not been adjusted to give effect to the bonus element in the rights issue due to the non-availability of the market price of the Bank's shares (Note 6).

**4. SHARE CAPITAL**

	<i>(Unaudited) 30 September 2009 KD 000's</i>	<i>(Audited) 31 December 2008 KD 000's</i>	<i>(Unaudited) 30 September 2008 KD 000's</i>
Authorised			
2,507,702,366 (31 December 2008):			
2,507,702,366; 30 September 2008: 1,253,851,183)			
shares of 100 fils each	<u><b>250,770</b></u>	<u>250,770</u>	<u>125,385</u>
Issued and fully paid:			
2,507,702,366 (31 December 2008):			
1,253,851,183; 30 September 2008: 1,253,851,183)			
shares of 100 fils each	<u><b>250,770</b></u>	<u>125,385</u>	<u>125,385</u>

In 2008, the Bank's Board of Directors resolved to recommend an increase in equity share capital from KD 125,385,118 to KD 250,770,236 through a rights issue of 1,253,851,183 shares of 100 fils each at a premium of 200 fils per share, to shareholders on record as of 26 October 2008. The terms of rights issue were approved at the ordinary and extraordinary general meetings of shareholders held on 2 December 2008. The Amiri decree authorising this capital increase was issued on 23 December 2008.

During the subscription period in January 2009 the rights issue was fully subscribed to and as a result, the minimum capital adequacy ratio was restored. The existing shareholders participated in 68% of the rights



issue and in line with the resolutions adopted by shareholders at the above extraordinary general meeting, Kuwait Investment Authority took the unsubscribed shares.

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

30 September 2009

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**4. SHARE CAPITAL (continued)**

The share premium, statutory and general reserves as of 31 January 2009 were utilised to offset accumulated losses of KD 235,585,000 as of that date which was approved by the shareholders on 11 April 2009.

**5. PROVISIONS TO BE CEDED TO THE CENTRAL BANK OF KUWAIT**

As at 30 September 2009 provisions to be ceded to the Central Bank of Kuwait is **KD Nil** (30 September 2008: KD Nil). The ultimate amount to be ceded to the Central Bank of Kuwait for the year will depend on the situation at the year end. The identification of provisions no longer required was made in the same manner as adopted at the end of 2008 and in accordance with Central Bank of Kuwait instructions.

**6. TREASURY SHARES**

	<i>(Unaudited)</i> 30 September 2009	<i>(Audited)</i> 31 December 2008	<i>(Unaudited)</i> 30 September 2008
Number of treasury shares	<b>45,883,737</b>	36,263,737	35,568,737
Percentage of treasury shares	<b>1.83%</b>	2.89%	2.84%
Cost of treasury shares (KD 000's)	<b>47,731</b>	45,404	44,688
Market value of treasury shares (KD 000's)	<b>15,830</b>	-	43,394

It is not possible to disclose the market value of the treasury shares as of 31 December 2008, as the Kuwait Stock Exchange had suspended trading in the Bank's share with effect from 26 October 2008. The Bank's shares resumed trading on 14 April 2009.

**GULF BANK K.S.C.**  
**Notes to the Interim Condensed Financial Information**  
**(Unaudited)**  
30 September 2009

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**7. SEGMENTAL ANALYSIS**

**By Business Unit**

<b>As at 30 September 2009</b>	<i><b>TREASURY &amp; INTERNATIONAL KD 000's</b></i>	<i><b>DOMESTIC BANKING KD 000's</b></i>	<i><b>TOTAL KD 000's</b></i>
<b>Income Statement:</b>			
Interest income from external sources	26,057	140,023	166,080
(Loss)/profit for the period	(18,123)	11,101	(7,022)
<b>Balance Sheet:</b>			
Total assets	1,313,278	3,387,753	4,701,031
Liabilities:			
Due to banks, deposits and subordinated loans	1,907,346	2,256,428	4,163,774
Other liabilities	45,407	65,496	110,903
Central treasury	(1,065,829)	1,065,829	-
	886,924	3,387,753	4,274,677
<b>Capital expenditure</b>	<b>48</b>	<b>2,226</b>	<b>2,274</b>
Depreciation	480	1,294	1,774

**By Business Unit**

<b>As at 30 September 2008</b>	<i><b>TREASURY &amp; INTERNATIONAL KD 000's</b></i>	<i><b>DOMESTIC BANKING KD 000's</b></i>	<i><b>TOTAL KD 000's</b></i>
<b>Income Statement:</b>			
Interest income from external sources	47,445	205,865	253,310
Profit for the period	17,203	68,752	85,955
<b>Balance Sheet:</b>			
Total assets	1,794,209	3,392,432	5,186,641
Liabilities:			
Due to banks, Deposits, Floating rate notes and Subordinated loans	2,238,957	2,401,378	4,640,335
Other liabilities	35,823	65,008	100,831
Central Treasury	(926,046)	926,046	-
	1,348,734	3,392,432	4,741,166
Capital expenditure	2	1,562	1,564
Depreciation	40	1,839	1,879

**GULF BANK K.S.C.**  
**Notes to the Interim Condensed Financial Information**  
**(Unaudited)**  
30 September 2009

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**8. 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> <b>30 September</b> <b>2009</b> <i>KD 000's</i>	<i>(Audited)</i> <b>31 December</b> <b>2008</b> <i>KD 000's</i>	<i>(Unaudited)</i> <b>30 September</b> <b>2008</b> <i>KD 000's</i>
Board members:			
Loans, receivables and advances	<b>420,033</b>	247,549	59,241
Provision for losses on receivable from a related party	<b>208,550</b>	200,800	-
Investments available-for-sale	<b>6,300</b>	6,300	-
Deposits	<b>601,012</b>	807	10,102
Guarantees issued	<b>11,812</b>	2,190	2,098
Executive management:			
Loans	<b>1,342</b>	3,589	3,136
Deposits	-	14	3
Guarantees issued	-	2	2

The loans granted to directors and key management personnel are repayable within three years and have interest rates of 5% to 7% (2008: 5.5% to 7.75%) per annum. Some of the loans advanced to the directors during the period are collateralised. The fair value of these collaterals as of 30 September 2009 was KD 142,377,591 (31 December 2008: 117,190,000 and 30 September 2008: KD 92,821,000).

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

	<b>9 months ended</b> <b>30 September</b> <b>2009</b> <i>KD 000's</i>	<b>9 months ended</b> <b>30 September</b> <b>2008</b> <i>KD 000's</i>
Directors and key management personnel:		
Interest income earned	<b>8,220</b>	3,080
Interest expense on deposits	<b>12,149</b>	164
Key management compensation:		
Salaries and other short-term benefits	<b>1,773</b>	1,436
End of service/termination benefits	<b>166</b>	77

**GULF BANK K.S.C.**  
**Notes to the Interim Condensed Financial Information**  
**(Unaudited)**  
30 September 2009

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**9. CONTINGENT LIABILITIES AND COMMITMENTS**

	<i>(Unaudited)</i> 30 September 2009 KD 000's	<i>(Audited)</i> 31 December 2008 KD 000's	<i>(Unaudited)</i> 30 September 2008 KD 000's
Guarantees	910,966	1,376,958	1,442,352
Letters of credit	232,539	830,246	1,020,640
Irrevocable commitments to extend credit:			
Original term to maturity of one year or less	63,574	121,535	84,933
Original term to maturity of more than one year	3	321	113
	<u>63,577</u>	<u>121,856</u>	<u>85,046</u>
	<u><u>1,207,082</u></u>	<u><u>2,329,060</u></u>	<u><u>2,548,038</u></u>

**10. 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 September 2009:**

	<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	4,760	4,760	-	-
Credit default swaps	439,852	-	23,069	416,783
Structured products	75,233	-	14,330	60,903
	<u>519,845</u>	<u>4,760</u>	<u>37,399</u>	<u>477,686</u>

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**(Unaudited)**  
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**10. DERIVATIVES (continued)**

At 31 December 2008:	<i>Notional amounts by term to maturity</i>			
	<i>Notional amount total KD 000's</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	64,632	60,530	4,102	-
Credit default swaps	433,190	-	-	433,190
Structured products	72,437	-	-	72,437
	<u>570,259</u>	<u>60,530</u>	<u>4,102</u>	<u>505,627</u>
At 30 September 2008:	<i>Notional amounts by term to maturity</i>			
	<i>Notional amount total KD 000's</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	436,650	406,296	30,354	-
Credit default swaps	444,671	-	35,952	408,719
Interest rates Swap	16,632	-	-	16,632
Structured products	238,741	-	-	238,741
	<u>1,136,694</u>	<u>406,296</u>	<u>66,306</u>	<u>664,092</u>

**11. Comparative figures**

Certain comparative amounts have been reclassified to conform to the current period presentation and have no effect on net profit or equity.