

BBK B.S.C- Interim Condensed Consolidated Financial Statements

30 June 2010 (Unaudited)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

30 June 2010 (Unaudited)
BD '000s

| | Unaudited 30 June 2010 | Audited 31 December 2009 | Unaudited 30 June 2009 |
|--|------------------------------|--------------------------------|------------------------------|
| ASSETS | | | |
| Cash and balances with central banks | 281,099 | 162,408 | 165,439 |
| Treasury bills | 131,349 | 61,655 | 9,978 |
| Financial assets at fair value through statement of income | 2,014 | - | - |
| Deposits and amounts due from banks and other financial institutions | 278,312 | 362,407 | 172,161 |
| Loans and advances to customers | 1,234,210 | 1,268,561 | 1,349,427 |
| Non-trading investment securities | 402,280 | 357,151 | 294,292 |
| Investment in associated companies and joint venture | 34,746 | 27,472 | 27,677 |
| Interest receivable and other assets | 15,882 | 11,235 | 13,843 |
| Premises and equipment | 28,367 | 28,003 | 21,896 |
| TOTAL ASSETS | 2,408,259 | 2,278,892 | 2,054,713 |
| LIABILITIES AND EQUITY | | | |
| LIABILITIES | | | |
| Deposits and amounts due to banks and other financial institutions | 185,288 | 239,579 | 206,453 |
| Term borrowings | 247,994 | 257,173 | 321,453 |
| Customers' current, savings and other deposits | 1,715,751 | 1,516,909 | 1,277,613 |
| Interest payable and other liabilities | 37,522 | 34,237 | 39,409 |
| TOTAL LIABILITIES | 2,186,555 | 2,047,898 | 1,844,928 |
| EQUITY | | | |
| Share capital | 85,135 | 85,135 | 85,135 |
| Treasury stock | (2,845) | (2,845) | (1,357) |
| Share premium | 39,919 | 39,919 | 39,919 |
| Statutory reserve | 39,001 | 39,001 | 35,500 |
| General reserve | 27,000 | 20,000 | 20,000 |
| Cumulative changes in fair values | (8,219) | 924 | (8,775) |
| Foreign currency translation adjustments | (1,114) | (462) | (681) |
| Retained earnings | 42,557 | 18,853 | 39,951 |
| Proposed appropriations | - | 30,358 | - |
| ATTRIBUTABLE TO THE SHAREHOLDERS OF THE PARENT | 221,434 | 230,883 | 209,692 |
| Non-controlling interest | 270 | 111 | 93 |
| TOTAL EQUITY | 221,704 | 230,994 | 209,785 |
| TOTAL LIABILITIES AND EQUITY | 2,408,259 | 2,278,892 | 2,054,713 |

CONSOLIDATED STATEMENT OF INCOME

Six months ended 30 June 2010 (Unaudited)
BD '000s

| | Three months ended | | Six months ended | |
|---|--------------------|----------------|------------------|----------------|
| | 30 Jun 2010 | 30 Jun 2009 | 30 Jun 2010 | 30 Jun 2009 |
| Interest and similar income | 20,763 | 20,386 | 40,835 | 42,101 |
| Interest and similar expense | (6,660) | (4,832) | (11,349) | (13,246) |
| Net interest income | 14,103 | 15,554 | 29,486 | 28,855 |
| Share of profit of associated companies and joint ventures | 1,020 | 1,243 | 1,778 | 1,851 |
| Other income | 19,735 | 6,947 | 33,316 | 15,893 |
| Total operating income | 34,858 | 23,744 | 64,580 | 46,599 |
| Staff costs | 7,313 | 6,728 | 14,398 | 13,426 |
| Other expenses | 3,252 | 3,190 | 6,134 | 5,729 |
| Depreciation | 770 | 642 | 1,498 | 1,262 |
| Net provision for impairment on loans and advances to customers | 11,487 | 2,552 | 13,004 | 3,018 |
| Net provision for impairment on non-trading investment securities | 907 | 250 | 5,879 | 548 |
| Total operating expenses | 23,729 | 13,362 | 40,913 | 23,983 |
| PROFIT BEFORE TAXATION | 11,129 | 10,382 | 23,667 | 22,616 |
| Net tax provision | (218) | 2 | (248) | (326) |
| PROFIT FOR THE PERIOD | 10,911 | 10,384 | 23,419 | 22,290 |
| Attributable to: | | | | |
| Shareholders of the Bank | 10,919 | 10,403 | 23,423 | 22,304 |
| Non-controlling interest | (8) | (19) | (4) | (14) |
| | 10,911 | 10,384 | 23,419 | 22,290 |
| Basic and diluted earnings per share (BD) | 0.013 | 0.012 | 0.028 | 0.026 |

Accounting policies and Notes :

- The interim condensed consolidated financial statements of the Group are prepared in accordance with International Accounting Standard 34, Interim Financial Reporting. The accounting policies used in the preparation of the interim condensed consolidated financial statements are consistent with those used in the preparation of the annual consolidated financial statements for the year ended 31 December 2009.
- Other income for the six months ended 30 June 2010, includes BD 2,032 thousand (30 June 2009: BD 2,587 thousand) of dividend income, which is of a seasonal nature.
- Interest income for the six months ended 30 June 2010 includes a gain on partial redemption of term borrowings of BD 2,223 thousand (30 June 2009: 2,904).
- At the Annual General Meeting held on 7 March 2010, the shareholders approved the following appropriations:

| | BD '000 |
|-----------------------------|---------------|
| Dividend | 21,033 |
| Transfer to general reserve | 7,000 |
| Donations | 1,800 |
| Director's remuneration | 525 |
| | 30,358 |

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Six months ended 30 June 2010 (Unaudited)
BD '000s

| | Three months ended | | Six months ended | |
|---|--------------------|----------------|------------------|----------------|
| | 30 Jun 2010 | 30 Jun 2009 | 30 Jun 2010 | 30 Jun 2009 |
| Profit for the period | 10,911 | 10,384 | 23,419 | 22,290 |
| Foreign exchange translation adjustments | (618) | 1,168 | (652) | (4,373) |
| Net movement in cumulative changes in fair values | (7,263) | 4,968 | (5,286) | 348 |
| Cash flow hedges | (3,604) | (422) | (3,857) | (221) |
| Directors' remuneration and donations | - | - | (2,325) | (1,455) |
| Other comprehensive (loss) income for the period | (11,485) | 5,714 | (12,120) | (5,701) |
| Total Comprehensive (loss) income for the period | (574) | 16,098 | 11,299 | 16,589 |
| Attributable to: | | | | |
| Shareholders of the Bank | (566) | 16,117 | 11,303 | 16,603 |
| Non-controlling interest | (8) | (19) | (4) | (14) |
| | (574) | 16,098 | 11,299 | 16,589 |

CONSOLIDATED STATEMENT OF CASH FLOWS

Six months ended 30 June 2010 (Unaudited)
BD '000s

| | Six months ended | |
|---|------------------|------------------|
| | 30 Jun 2010 | 30 Jun 2009 |
| Net cash from (used in) operating activities | 161,743 | (114,068) |
| Net cash used in investing activities | (45,540) | (8,878) |
| Net cash used in financing activities | (32,536) | (25,596) |
| Foreign currency translation adjustment | (652) | (4,373) |
| NET CHANGE IN CASH AND CASH EQUIVALENTS | 83,015 | (152,915) |
| Cash and cash equivalents at beginning of the period | 475,190 | 399,828 |
| CASH AND CASH EQUIVALENTS AT END OF THE PERIOD | 558,205 | 246,913 |

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Six months ended 30 June 2010 (Unaudited)
BD '000s

| | Attributable to shareholders of the Bank | | | | Non controlling interest | Total equity | |
|--|--|-------------------|----------------------|----------------------------|--------------------------------|-----------------|----------------|
| | Share capital | Other reserves | Retained earnings | Proposed appropriations | | | |
| Balance at 31 December 2009 | 85,135 | 96,537 | 18,853 | 30,358 | 230,883 | 111 | 230,994 |
| Share - based payments | - | - | 281 | - | 281 | - | 281 |
| Approval of general reserve - 2009 | - | 7,000 | - | (7,000) | - | - | - |
| Approval of dividend - 2009 | - | - | - | (21,033) | (21,033) | - | (21,033) |
| Profit for the period | - | - | 23,423 | - | 23,423 | (4) | 23,419 |
| Other comprehensive loss for the period | - | (9,795) | - | (2,325) | (12,120) | - | (12,120) |
| Additional Capital Issued for Subsidiaries | - | - | - | - | - | 163 | 163 |
| Balance at 30 June 2010 | 85,135 | 93,742 | 42,557 | - | 221,434 | 270 | 221,704 |
| Balance at 31 December 2008 | 81,081 | 88,852 | 17,626 | 21,605 | 209,164 | 107 | 209,271 |
| Share - based payments | - | - | 21 | - | 21 | - | 21 |
| Approval of dividend - 2008 | - | - | - | (16,096) | (16,096) | - | (16,096) |
| Issue of bonus shares | 4,054 | - | - | (4,054) | - | - | - |
| Profit for the period | - | - | 22,304 | - | 22,304 | (14) | 22,290 |
| Other comprehensive loss for the period | - | (4,246) | - | (1,455) | (5,701) | - | (5,701) |
| Balance at 30 June 2009 | 85,135 | 84,606 | 39,951 | - | 209,692 | 93 | 209,785 |

SEGMENTAL INFORMATION

BD '000s

| 30 June 2010 | Retail banking | Corporate banking | International banking | Investment, treasury and other activities | Total |
|--|-------------------|----------------------|--------------------------|--|---------------|
| Operating income before share of profit of as-associated company and joint venture | 14,547 | 9,696 | 23,260 | 15,299 | 62,802 |
| Segment result | 5,119 | 2,172 | 8,724 | 5,626 | 21,641 |
| Income from associated companies and joint venture | | | | | 1,778 |
| Profit for the period | | | | | 23,419 |
| Loss attributable to non-controlling interest | | | | | 4 |
| Profit attributable to the shareholders of the Bank | | | | | 23,423 |

| 30 June 2009 | Retail banking | Corporate banking | International banking | Investment, treasury and other activities | Total |
|--|-------------------|----------------------|--------------------------|--|---------------|
| Operating income before share of profit of as-associated company and joint venture | 14,480 | 11,416 | 11,248 | 7,604 | 44,748 |
| Segment result | 6,617 | 5,128 | 4,687 | 4,007 | 20,439 |
| Income from associated companies and joint venture | | | | | 1,851 |
| Profit for the period | | | | | 22,290 |
| Loss attributable to non-controlling interest | | | | | 14 |
| Profit attributable to the shareholders of the Bank | | | | | 22,304 |

The consolidated statement of financial position, consolidated statement of income, consolidated statement of comprehensive income, consolidated statement of cash flows, consolidated statement of changes in equity, segmental information, accounting policies and notes have been extracted from the interim condensed consolidated financial statements of BBK B.S.C. for the six months period ended 30 June 2010 which was reviewed by Ernst & Young

Murad Ali Murad
Chairman

Sh. Mohammed bin Isa Al Khalifa
Deputy Chairman

Abdulkarim Ahmed Bucheery
Chief Executive

Reviewed by Ernst & Young

Above information available on www.bbkonline.com