

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

## 30 September 2009 (Unaudited)

### CONSOLIDATED STATEMENT OF FINANCIAL POSITION

30 September 2009 (Unaudited)  
BD '000s

|  | Unaudited<br>30 September 2009 | Audited<br>31 December 2008 | Unaudited<br>30 September 2008 |
|--|--------------------------------|-----------------------------|--------------------------------|
| <b>ASSETS</b>  |                                |                             |                                |
| Cash and balances with central banks                                 | 134,708                        | 201,493                     | 88,223                         |
| Treasury bills   | -                              | 4,050                       | 34,671                         |
| Financial assets at fair value through statement of income           | -                              | 861                         | 1,759                          |
| Deposits and amounts due from banks and other financial institutions | 111,961                        | 257,099                     | 320,931                        |
| Loans and advances to customers                                      | 1,291,471                      | 1,352,275                   | 1,349,003                      |
| Non-trading investment securities                                    | 326,584                        | 286,349                     | 326,845                        |
| Investment in associated company and joint venture                   | 28,160                         | 27,007                      | 18,303                         |
| Interest receivable and other assets                                 | 10,525                         | 15,554                      | 18,709                         |
| Premises and equipment   | 22,425                         | 21,097                      | 21,016                         |
| <b>TOTAL ASSETS</b>  | <b>1,925,834</b>               | <b>2,165,785</b>            | <b>2,179,460</b>               |
| <b>LIABILITIES AND EQUITY</b>  |                                |                             |                                |
| <b>LIABILITIES</b>   |                                |                             |                                |
| Deposits and amounts due to banks and other financial institutions   | 224,188                        | 250,584                     | 436,673                        |
| Borrowings under repurchase agreements                               | -                              | -                           | 25,518                         |
| Term borrowings  | 265,770                        | 329,498                     | 339,300                        |
| Customers' current, savings and other deposits                       | 1,178,846                      | 1,336,561                   | 1,127,316                      |
| Interest payable and other liabilities                               | 36,716                         | 39,871                      | 34,730                         |
| <b>TOTAL LIABILITIES</b>   | <b>1,705,520</b>               | <b>1,956,514</b>            | <b>1,963,537</b>               |
| <b>EQUITY</b>  |                                |                             |                                |
| Share capital  | 85,135                         | 81,081                      | 81,081                         |
| Treasury stock   | (1,357)                        | (1,357)                     | (1,357)                        |
| Share premium  | 39,919                         | 39,919                      | 39,919                         |
| Statutory reserve  | 35,500                         | 35,500                      | 32,792                         |
| General reserve  | 20,000                         | 20,000                      | 20,000                         |
| Cumulative changes in fair values                                    | (1,106)                        | (8,902)                     | 4,214                          |
| Foreign currency translation adjustments                             | (579)                          | 3,692                       | 4,174                          |
| Retained earnings  | 42,704                         | 17,626                      | 34,946                         |
| Proposed appropriations  | -                              | 21,605                      | -                              |
| <b>ATTRIBUTABLE TO THE SHAREHOLDERS OF THE PARENT</b>                | <b>220,216</b>                 | <b>209,164</b>              | <b>215,769</b>                 |
| Non controlling interests  | 98                             | 107                         | 154                            |
| <b>TOTAL EQUITY</b>  | <b>220,314</b>                 | <b>209,271</b>              | <b>215,923</b>                 |
| <b>TOTAL LIABILITIES AND EQUITY</b>                                  | <b>1,925,834</b>               | <b>2,165,785</b>            | <b>2,179,460</b>               |

### CONSOLIDATED STATEMENT OF INCOME

Nine months ended 30 September 2009 (Unaudited)  
BD '000s

|   | 3 months ended |                | 9 months ended |               |
|---|----------------|----------------|----------------|---------------|
|   | 30-Sep-09      | 30-Sep-08      | 30-Sep-09      | 30-Sep-08     |
| Interest income   | 19,800         | 24,964         | 61,901         | 82,078        |
| Interest expense  | (3,285)        | (12,364)       | (16,531)       | (41,988)      |
| <b>Net interest income</b>  | <b>16,515</b>  | <b>12,600</b>  | <b>45,370</b>  | <b>40,090</b> |
| Share of profit in associated company and joint venture           | 483            | 977            | 2,334          | 2,472         |
| Other income  | 6,005          | 7,533          | 21,898         | 33,509        |
|   | <b>23,003</b>  | <b>21,110</b>  | <b>69,602</b>  | <b>76,071</b> |
| <b>OPERATING EXPENSES</b>   |                |                |                |               |
| Staff Costs   | 6,914          | 5,261          | 20,340         | 15,402        |
| Other operating expenses  | 3,415          | 2,459          | 9,144          | 7,818         |
| Depreciation  | 652            | 553            | 1,914          | 1,614         |
| Net provision for impairment on loans and advances to customers   | 7,491          | 168            | 10,509         | 564           |
| Net provision for impairment on non-trading investment securities | 1,750          | 16,637         | 2,298          | 30,346        |
|   | <b>20,222</b>  | <b>25,078</b>  | <b>44,205</b>  | <b>55,744</b> |
| <b>PROFIT BEFORE TAXATION</b>                                     | <b>2,781</b>   | <b>(3,968)</b> | <b>25,397</b>  | <b>20,327</b> |
| Kuwait National Labour support tax                                | -              | (33)           | -              | (154)         |
| Net provision for taxation - Indian branches                      | (34)           | (47)           | (360)          | (97)          |
| <b>PROFIT FOR THE PERIOD</b>                                      | <b>2,747</b>   | <b>(4,048)</b> | <b>25,037</b>  | <b>20,076</b> |
| <b>Attributable to:</b>   |                |                |                |               |
| <b>SHAREHOLDERS OF THE PARENT</b>                                 | <b>2,742</b>   | <b>(4,074)</b> | <b>25,046</b>  | <b>20,100</b> |
| Non controlling interests   | 5              | 26             | (9)            | (24)          |
|   | <b>2,747</b>   | <b>(4,048)</b> | <b>25,037</b>  | <b>20,076</b> |
| Basic and diluted earnings per share (BD)                         | 0.003          | (0.005)        | 0.030          | 0.024         |

#### 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 2008.
- For the nine months ended 30 September 2009, other income includes BD 3,257 thousand (30 September 2008: BD 2,627 thousand) of dividend income, which is of a seasonal nature.
- Interest income for the nine months ended 30 September 2009 includes a gain on partial redemption of term borrowings of BD 5,859 thousand (30 September 2008: Nil).
- Other income for the nine months ended 30 September 2009, includes one off exceptional income of BD nil (30 September 2008: BD 2,780 thousand) relating to the partial, mandatory redemption of the Group's membership interest in VISA, consequent to VISA's global restructuring and IPO.
- At the annual general meeting of the shareholders held on 2 March 2009, a cash dividend of BD 0.020 per share (2008: BD 0.027 per share) amounting to BD 16,096 thousand was approved and paid (2008: BD 20,694 thousand). Directors' remuneration of BD 1,455 thousand (2008: BD 1,455 thousand) was approved and paid. A bonus issue of one share for every twenty shares was also approved relating to 2008 (approved in 2008 relating to 2007: one share for every twenty shares) and resulted in an increase of share capital relating to 2008 by BD 4,054 thousand (relating to 2007: BD 3,861 thousand) due to the issue of bonus shares.

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 nine months period ended 30 September 2009 which was reviewed by Ernst & Young

Murad Ali Murad  
Chairman

Above information available on [www.bbkonline.com](http://www.bbkonline.com)

### CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Nine months ended 30 September 2009 (Unaudited)  
BD '000s

|   | 3 months ended |                 | 9 months ended |              |
|---|----------------|-----------------|----------------|--------------|
|   | 30-Sep-09      | 30-Sep-08       | 30-Sep-09      | 30-Sep-08    |
| Profit (Loss) for the period                            | 2,747          | (4,048)         | 25,037         | 20,076       |
| Foreign exchange translation adjustments                | 102            | (74)            | (4,271)        | 684          |
| Net movement in cumulative changes in fair values       | 7,745          | (9,932)         | 8,093          | (18,728)     |
| Cash flow hedges  | (76)           | (184)           | (297)          | (1,293)      |
| Directors' remuneration and donations                   | -              | -               | (1,455)        | (1,455)      |
| Other Comprehensive income (Loss) for the period        | 7,771          | (10,190)        | 2,070          | (20,792)     |
| <b>Total Comprehensive income (Loss) for the period</b> | <b>10,518</b>  | <b>(14,238)</b> | <b>27,107</b>  | <b>(716)</b> |
| <b>Attributable to:</b>                                 |                |                 |                |              |
| Shareholders of the parent                              | 10,513         | (14,264)        | 27,116         | (692)        |
| Non controlling interests                               | 5              | 26              | (9)            | (24)         |
|   | <b>10,518</b>  | <b>(14,238)</b> | <b>27,107</b>  | <b>(716)</b> |

### CONSOLIDATED STATEMENT OF CASH FLOWS

Nine months ended 30 September 2009 (Unaudited)  
BD '000s

|   | 9 months ended   |                 |
|---|------------------|-----------------|
|   | 30-Sep-09        | 30-Sep-08       |
| Net cash used in operating activities                 | (124,216)        | (136,651)       |
| Net cash (used in) from investing activities          | (37,272)         | 84,041          |
| Net cash used in financing activities                 | (81,279)         | (22,149)        |
| Foreign currency translation adjustment               | (4,271)          | 684             |
| <b>NET CHANGE IN CASH AND CASH EQUIVALENTS</b>        | <b>(247,038)</b> | <b>(74,075)</b> |
| Cash and cash equivalents at beginning of the period  | 399,828          | 405,254         |
| <b>CASH AND CASH EQUIVALENTS AT END OF THE PERIOD</b> | <b>152,790</b>   | <b>331,179</b>  |

### CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Nine months ended 30 September 2009 (Unaudited)  
BD '000s

|   | Attributable to shareholders of the parent |                |                   |                         |                | Non controlling interests | Total equity   |
|---|--|----------------|-------------------|-------------------------|----------------|---------------------------|----------------|
|   | Share capital                              | Other reserves | Retained earnings | Proposed appropriations | Total          |                           |                |
| Balance at 31 December 2008               | 81,081                                     | 88,852         | 17,626            | 21,605                  | 209,164        | 107                       | 209,271        |
| Share - based payments                    | -  | -              | 32                | -                       | 32             | -                         | 32             |
| Approval of dividend for 2008             | -  | -              | -                 | (16,096)                | (16,096)       | -                         | (16,096)       |
| Issue of bonus shares                     | 4,054                                      | -              | -                 | (4,054)                 | -              | -                         | -              |
| Total comprehensive income for the period | -  | 3,525          | 25,046            | (1,455)                 | 27,116         | (9)                       | 27,107         |
| <b>Balance at 30 September 2009</b>       | <b>85,135</b>                              | <b>92,377</b>  | <b>42,704</b>     | <b>-</b>                | <b>220,216</b> | <b>98</b>                 | <b>220,314</b> |
| Balance at 31 December 2007               | 77,220                                     | 119,079        | 14,822            | 26,010                  | 237,131        | 178                       | 237,309        |
| Share - based payments                    | -  | -              | 24                | -                       | 24             | -                         | 24             |
| Approval of dividend for 2007             | -  | -              | -                 | (20,694)                | (20,694)       | -                         | (20,694)       |
| Issue of bonus shares                     | 3,861                                      | -              | -                 | (3,861)                 | -              | -                         | -              |
| Total comprehensive income for the period | -  | (19,337)       | 20,100            | (1,455)                 | (692)          | (24)                      | (716)          |
| Balance at 30 September 2008              | 81,081                                     | 99,742         | 34,946            | -                       | 215,769        | 154                       | 215,923        |

### SEGMENTAL INFORMATION

BD '000s

| 30 September 2009   | Retail banking | Corporate banking | International banking | Investment, treasury and other activities | Total         |
|---|----------------|-------------------|-----------------------|---|---------------|
| Operating income before share of profit of associated company and joint venture | 21,461         | 17,163            | 15,585                | 13,059                                    | 67,268        |
| Segment result  | 7,840          | 6,435             | 2,219                 | 6,209                                     | 22,703        |
| Income from associated company and joint venture                                |                |                   |                       |   | 2,334         |
| Profit for the period   |                |                   |                       |   | 25,037        |
| Loss attributable to non controlling interests                                  |                |                   |                       |   | 9             |
| <b>Profit attributable to the shareholders of the parent</b>                    |                |                   |                       |   | <b>25,046</b> |
| 30 September 2008   | Retail banking | Corporate banking | International banking | Investment, treasury and other activities | Total         |
| Operating income before share of profit of associated company and joint venture | 23,617         | 15,485            | 16,453                | 18,044                                    | 73,599        |
| Segment result  | 13,767         | 7,849             | 6,988                 | (11,000)                                  | 17,604        |
| Income from associated company and joint venture                                |                |                   |                       |   | 2,472         |
| Profit for the period   |                |                   |                       |   | 20,076        |
| Loss attributable to non controlling interests                                  |                |                   |                       |   | 24            |
| Profit attributable to the shareholders of the parent                           |                |                   |                       |   | 20,100        |