

BBK's Interim Condensed Consolidated Financial Statements 30 June 2008 (Unaudited)

CONSOLIDATED BALANCE SHEET

30 June 2008 (Unaudited)
BD '000s

| | Unaudited 30 June 2008 | Audited 31 December 2007 | Unaudited 30 June 2007 |
|--|---------------------------|-----------------------------|---------------------------|
| ASSETS | | | |
| Cash and balances with central banks | 207,388 | 256,922 | 110,506 |
| Treasury bills | 47,217 | 25,248 | 42,693 |
| Financial assets at fair value through statement of income | - | 4,497 | - |
| Deposits and due from banks and other financial institutions | 196,156 | 169,221 | 404,174 |
| Loans and advances to customers | 1,294,276 | 1,127,639 | 1,002,539 |
| Non-trading investment securities | 440,177 | 455,233 | 483,530 |
| Investment in associated company and joint venture | 17,326 | 13,633 | 9,030 |
| Interest receivable and other assets | 18,517 | 20,262 | 23,868 |
| Premises and equipment | 20,336 | 19,855 | 19,171 |
| TOTAL ASSETS | 2,241,393 | 2,092,510 | 2,095,511 |
| LIABILITIES AND EQUITY | | | |
| LIABILITIES | | | |
| Deposits and due to banks and other financial institutions | 515,570 | 354,246 | 455,323 |
| Borrowings under repurchase agreements | 27,577 | 12,567 | 38,981 |
| Term borrowings | 339,300 | 339,300 | 339,300 |
| Customers' current, savings and other deposits | 1,096,823 | 1,117,595 | 1,054,530 |
| Interest payable and other liabilities | 31,969 | 31,493 | 28,645 |
| TOTAL LIABILITY | 2,011,239 | 1,855,201 | 1,916,779 |
| EQUITY | | | |
| Share capital | 81,081 | 77,220 | 67,220 |
| Treasury stock | (1,357) | (1,357) | (1,357) |
| Share premium | 39,919 | 39,919 | - |
| Statutory reserve | 32,792 | 32,792 | 29,788 |
| General reserve | 20,000 | 20,000 | 20,000 |
| Cumulative changes in fair values | 14,330 | 24,235 | 28,914 |
| Foreign currency translation adjustments | 4,248 | 3,490 | 718 |
| Retained earnings | 39,013 | 14,822 | 33,264 |
| Proposed appropriations | - | 26,010 | - |
| EQUITY ATTRIBUTABLE TO THE SHAREHOLDERS OF THE PARENT | 230,026 | 237,131 | 178,547 |
| Minority Interest | 128 | 178 | 185 |
| TOTAL EQUITY | 230,154 | 237,309 | 178,732 |
| TOTAL LIABILITIES AND EQUITY | 2,241,393 | 2,092,510 | 2,095,511 |

CONSOLIDATED STATEMENT OF INCOME

Six months ended 30 June 2008 (Unaudited)
BD '000s

| | 3 months ended 30 June 2008 | 3 months ended 30 June 2007 | 6 months ended 30 June 2008 | 6 months ended 31 June 2007 |
|---|-----------------------------------|-----------------------------------|-----------------------------------|-----------------------------------|
| Interest income | 25,890 | 30,635 | 57,114 | 58,609 |
| Interest expense | 12,855 | 18,092 | 29,624 | 34,525 |
| Net interest income | 13,035 | 12,543 | 27,490 | 24,084 |
| Share of profit in associated company and joint venture | 759 | 197 | 1,495 | 399 |
| Other operating income | 7,712 | 6,364 | 25,976 | 12,033 |
| | 21,506 | 19,104 | 54,961 | 36,516 |
| OPERATING EXPENSES | | | | |
| Staff Costs | 5,059 | 4,432 | 10,141 | 8,733 |
| Other operating expenses | 2,749 | 2,925 | 5,359 | 5,049 |
| Depreciation | 536 | 479 | 1,061 | 972 |
| Net (write back of) provision for impairment on loans & advances to customers | (36) | 1,047 | 396 | 1,812 |
| Net provision for impairment on non-trading investment securities | 89 | 264 | 13,709 | 432 |
| | 8,397 | 9,147 | 30,666 | 16,998 |
| PROFIT BEFORE TAXATION | 13,109 | 9,957 | 24,295 | 19,518 |
| Kuwait National Labour Support Tax | (48) | (50) | (121) | (85) |
| Net provision of taxation - Indian Branches | (21) | (29) | (50) | (43) |
| NET PROFIT FOR THE PERIOD | 13,040 | 9,878 | 24,124 | 19,390 |
| Attributable to: | | | | |
| SHAREHOLDERS OF THE PARENT | 13,086 | 9,934 | 24,174 | 19,481 |
| Loss attributable to minority interests | (46) | (56) | (50) | (91) |
| | 13,040 | 9,878 | 24,124 | 19,390 |
| Basic and diluted earnings per share (BD) | 0.016 | 0.014 | 0.030 | 0.027 |

The consolidated balance sheet, consolidated statement of income, consolidated statement of changes in equity, consolidated statement of cash flows, segmental information, accounting policies and notes have been extracted from the interim condensed consolidated financial statements of BBK B.S.C. for the six month period ended 30 June 2008 which was reviewed by Ernst & Young

Murad Ali Murad
Chairman

Mrs. Maha Khalid Al-Ghunaim
Deputy Chairman

Abdulkarim Ahmed Bucheery
Chief Executive Officer

Above information available on: www.bbkonline.com

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Six months ended 30 June 2008 (Unaudited)
BD '000s

| | 2008 | 2007 |
|---|-----------------|----------------|
| Balance at 31 December | 237,309 | 187,958 |
| Foreign exchange translation adjustments | 758 | 572 |
| Approval of directors' remuneration and donations | (1,455) | (1,055) |
| Share - based payments | 17 | - |
| Net movement in cumulative changes in fair values | (9,905) | (2,744) |
| Total income and expenses for the period recognised directly in equity | (10,585) | (3,227) |
| Net profit for the period | 24,124 | 19,390 |
| Total income and expenses for the period | 13,539 | 16,163 |
| Approval of dividend | (20,694) | (25,389) |
| Balance at 30 June | 230,154 | 178,732 |

CONSOLIDATED STATEMENT OF CASH FLOWS

Six months ended 30 June 2008 (Unaudited)
BD '000s

| | 6 months ended 30 June 2008 | 6 months ended 30 June 2007 |
|---|--------------------------------|--------------------------------|
| Net cash (used in) from operating activities | (38,811) | 162,586 |
| Net cash from (used in) investing activities | 105 | (40,498) |
| Net cash (used in) from financing activities | (22,149) | 77,231 |
| Foreign currency translation adjustment | (758) | 572 |
| (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS | (61,613) | 199,891 |
| Cash and cash equivalents at beginning of the period | 405,254 | 235,419 |
| CASH AND CASH EQUIVALENTS AT END OF THE PERIOD | 343,641 | 435,310 |

SEGMENTAL INFORMATION

BD '000s

| 30 June 2008 | Retail banking | Corporate banking | International banking | Investment, treasury and other activities | Total |
|---|-------------------|----------------------|--------------------------|--|---------------|
| Operating income before share of profit in associated company & joint venture | 15,279 | 10,465 | 11,640 | 16,082 | 53,466 |
| Segment result | 8,708 | 4,844 | 7,319 | 1,808 | 22,679 |
| Income from associated company & joint venture | | | | | 1,495 |
| Net profit for the period attributable to the shareholders of the Parent | | | | | 24,174 |

| 30 June 2007 | Retail banking | Corporate banking | International banking | Investment, treasury and other activities | Total |
|---|-------------------|----------------------|--------------------------|--|---------------|
| Operating income before share of profit in associated company & joint venture | 13,828 | 7,578 | 9,185 | 5,526 | 36,117 |
| Segment result | 5,169 | 3,786 | 4,665 | 5,462 | 19,082 |
| Income from associated company & joint venture | | | | | 399 |
| Net profit for the period attributable to the shareholders of the Parent | | | | | 19,481 |

Accounting policies and Notes:

1- 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 2007.

2- For the three and six-month ended 30 June 2008, other operating income includes BD 0.4 million (30 June 2007: BD 0.7 million) and BD 2 million (30 June 2007: BD 1.7 million) respectively of dividend income, which is of a seasonal nature.

3- Other operating income for the six-month ended 30 June 2008, includes one off exceptional income of BD 2.8 million (30 June 2007:nil) relating to the partial, mandatory redemption of the Group's membership interest in VISA, consequent to VISA's global restructuring and IPO.

4- Proposed appropriations for 2007 were approved by shareholders on 2 March 2008 and have been paid during the six-month period ended 30 June 2008. The appropriation also resulted in an increase of share capital by BD 3.861 million (30 June 2007: BD 3.201 million) due to the issue of bonus shares.