

INTERIM CONDENSED CONSOLIDATED FINANCIAL RESULTS FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2017

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (All amounts expressed in thousands of United States Dollars unless otherwise stated)

	At 30 September 2017 (Reviewed)	At 31 December 2016 (Audited)	At 30 September 2016 (Reviewed)
ASSETS			
Cash and balances with banks and central banks	579,887	736,033	747,271
Commodity and other placements with banks, financial and other institutions	269,451	142,607	261,488
Murabaha and other financings	3,583,572	3,444,588	3,266,851
Musharaka financing	347,283	229,960	170,061
Investment in mudaraba	5,570	14,425	14,623
Investment in associates	259,492	668,403	657,174
Sukuk and investment securities	2,047,219	1,874,782	1,550,859
Restricted investment accounts	80,218	79,852	80,090
Assets acquired for leasing	292,051	256,204	238,684
Investment in real estate	257,263	242,594	254,651
Other assets	231,151	361,654	386,569
Fixed assets	116,324	112,981	109,987
Intangible assets	166,443	177,227	183,803
Assets classified as held-for-sale	399,077	-	-
Total assets	8,635,001	8,341,310	7,922,111
LIABILITIES, EQUITY OF UNRESTRICTED INVESTMENT ACCOUNTHOLDERS, MINORITY INTEREST AND OWNERS' EQUITY			
Customers' current accounts	1,695,418	1,581,113	1,489,687
Due to banks, financial and other institutions	1,200,678	1,141,513	916,084
Due to investors	1,935,207	1,903,612	1,858,924
Other liabilities	373,431	342,622	351,490
Total liabilities	5,204,734	4,968,860	4,616,185
Equity of unrestricted investment accountholders	2,827,490	2,769,694	2,701,704
Minority interest	180,514	175,341	182,927
Total liabilities, equity of unrestricted investment accountholders and minority interest	8,212,738	7,913,895	7,500,816
Share capital	757,690	757,690	757,690
Treasury shares	(30,149)	(27,802)	(30,149)
Reserves	242,698	218,460	211,462
Accumulated losses	(547,976)	(520,933)	(517,708)
Total owners' equity	422,263	427,415	421,295
Total liabilities, equity of unrestricted investment accountholders, minority interest and owners' equity	8,635,001	8,341,310	7,922,111

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN OWNERS' EQUITY (All amounts expressed in thousands of United States Dollars unless otherwise stated)

	Share capital	Treasury shares	Reserves							Accumulated losses	Total owners' equity
			Share premium	Statutory reserve	General reserve	Investments in fair value reserve	Investment in real estate value reserve	Foreign currency translation	Total reserves		
At 1 January 2017 (Audited)	757,690	(27,802)	148,662	38,090	50,727	25,711	2,648	(47,378)	218,460	(520,933)	427,415
Net loss for the period	-	-	-	-	-	-	-	-	-	(27,043)	(27,043)
Employee share incentive scheme	-	(2,347)	423	-	-	-	-	-	423	-	(1,924)
Movement in fair value of sukuk and investment securities	-	-	-	-	-	4,734	-	-	4,734	-	4,734
Movement in fair value of associates	-	-	-	-	-	8,009	-	2,670	10,679	-	10,679
Foreign currency translation adjustments	-	-	-	-	-	(11)	(193)	8,606	8,402	-	8,402
At 30 September 2017 (Reviewed)	757,690	(30,149)	149,085	38,090	50,727	38,443	2,455	(36,102)	242,698	(547,976)	422,263
At 1 January 2016 (Audited)	757,690	(30,149)	149,692	38,090	50,727	9,212	1,586	(38,413)	210,894	(524,212)	414,223
Net income for the period	-	-	-	-	-	-	-	-	-	6,504	6,504
Movement in fair value of sukuk and investment securities	-	-	-	-	-	1,460	-	-	1,460	-	1,460
Movement in fair value of associates	-	-	-	-	-	(873)	-	-	(873)	-	(873)
Foreign currency translation adjustments	-	-	-	-	-	3	75	(97)	(19)	-	(19)
At 30 September 2016 (Reviewed)	757,690	(30,149)	149,692	38,090	50,727	9,802	1,661	(38,510)	211,462	(517,708)	421,295

The above Interim Condensed Consolidated Statement of Financial Position, Interim Condensed Consolidated Income Statement, Interim Condensed Consolidated Statement of Changes in Owners' Equity and Interim Condensed Consolidated Statement of Cash Flows have been extracted from the Interim Condensed Consolidated Financial Information of Ithmaar Holding B.S.C. (formerly Ithmaar Bank B.S.C.) for the nine month period ended 30 September 2017, which were approved for issue by the Board of Directors and reviewed by PricewaterhouseCoopers ME Limited, Kingdom of Bahrain, who expressed an unqualified review conclusion on 13 November 2017.

HRH Prince Amr Mohamed Al Faisal
Chairman

Dr. Amani Khaled Bouresli
Director

Ahmed Abdul Rahim
CEO

INTERIM CONDENSED CONSOLIDATED INCOME STATEMENT (All amounts expressed in thousands of United States Dollars unless otherwise stated)

	Nine months ended		Three months ended	
	30 September 2017 (Reviewed)	30 September 2016 (Reviewed)	30 September 2017 (Reviewed)	30 September 2016 (Reviewed)
INCOME				
Income from unrestricted investment accounts	119,176	107,275	41,379	39,980
Less: return to unrestricted investment accounts and impairment provisions	(67,243)	(72,601)	(23,836)	(26,687)
Group's share of income from unrestricted investment accounts as a Mudarib	51,933	34,674	17,543	13,293
Group's share of income from restricted investment accounts as a Mudarib	-	81	-	-
Income from murabaha and other financings	108,371	99,179	36,289	32,279
Share of profit after tax from associates	27,338	27,982	5,722	8,358
Income from other investments	95,281	110,174	27,713	31,106
Other income	19,419	35,985	7,002	13,185
Total income	302,342	308,075	94,269	98,221
Less: profit paid to banks, financial and other institutions - net	(121,262)	(113,773)	(40,402)	(36,577)
Operating income	181,080	194,302	53,867	61,644
EXPENSES				
Administrative and general expenses	(126,752)	(120,851)	(45,110)	(39,880)
Depreciation and amortization	(21,518)	(22,320)	(5,779)	(7,299)
Total expenses	(148,270)	(143,171)	(50,889)	(47,179)
Net income before loss from assets classified as held-for-sale, provision for impairment and overseas taxation	32,810	51,131	2,978	14,465
Impairment of assets classified as held-for-sale	(12,389)	-	(12,389)	-
Provision for impairment - net	(12,055)	(14,156)	731	(5,045)
Net income/(loss) before overseas taxation	8,366	36,975	(8,680)	9,420
Overseas taxation	(24,615)	(20,250)	(5,984)	(4,655)
NET INCOME/(LOSS) FOR THE PERIOD	(16,249)	16,725	(14,664)	4,765
Attributable to:				
Equity holders of Ithmaar	(27,043)	6,504	(17,795)	2,101
Minority interests	10,794	10,221	3,131	2,664
	(16,249)	16,725	(14,664)	4,765
Basic and diluted earnings per share	USCts (0.93)	USCts 0.22	USCts (0.61)	USCts 0.07

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (All amounts expressed in thousands of United States Dollars unless otherwise stated)

	Nine months ended	
	30 September 2017 (Reviewed)	30 September 2016 (Reviewed)
OPERATING ACTIVITIES		
Net income before overseas taxation	8,366	36,975
Adjustments for:		
Depreciation and amortization	21,518	22,320
Share of profit after tax from associates	(27,338)	(27,982)
Provision for impairment - net	12,055	14,156
Impairment of assets classified as held-for-sale	12,389	-
Gain on sale of fixed assets	(163)	(870)
Operating income/(loss) before changes in operating assets and liabilities	26,827	44,599
Balances with banks maturing after ninety days and including with central banks relating to minimum reserve requirement	(41,833)	(7,050)
(Increase)/decrease in operating assets:		
Murabaha and other financings	(1,699)	128,355
Musharaka financing	(119,794)	(19,937)
Other assets	(40,164)	(74,405)
Increase/(decrease) in operating liabilities:		
Customers' current accounts	123,731	50,782
Due to banks, financial and other institutions	63,695	(725,588)
Due to investors	48,075	150,353
Other liabilities	28,726	24,212
Increase/(decrease) in equity of unrestricted investment accountholders	60,518	253,878
Taxes paid	(18,834)	(6,731)
Net cash provided by/(used in) operating activities	129,248	(181,532)
INVESTING ACTIVITIES		
Net (increase)/decrease:		
Investment in mudaraba	8,855	6,726
Investment in restricted investment accounts	-	(1,485)
Assets acquired for leasing	(35,847)	(69,202)
Sukuk and investment securities	(204,550)	370,076
Dividend received from associates	28,730	18,203
Purchase of fixed assets	(5,991)	(5,587)
Net cash (used in)/provided by investing activities	(208,803)	318,731
FINANCING ACTIVITIES		
Minority interest	(1,326)	(2,651)
Net cash used in financing activities	(1,326)	(2,651)
Foreign currency translation adjustments	9,912	5,601
Net (decrease)/increase in cash and cash equivalents	(70,969)	140,149
Cash and cash equivalents at the beginning of the period	716,782	586,495
Cash and cash equivalents at the end of the period	645,813	726,644