

INTERIM CONDENSED CONSOLIDATED FINANCIAL RESULTS FOR THE THREE MONTHS ENDED 31 MARCH 2010

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(All amounts expressed in thousands of United States Dollars unless otherwise stated)

| | At 31 March 2010 (Reviewed) | At 31 December 2009 (Audited) |
|---|--------------------------------|----------------------------------|
| ASSETS | | |
| Cash and cash equivalents | 497,999 | 665,697 |
| Investments in financings | 1,804,249 | 1,978,109 |
| Investment securities | 878,668 | 931,666 |
| Investment properties | 401,056 | 397,582 |
| Accounts receivable | 218,837 | 166,424 |
| Investments in associates | 697,882 | 702,366 |
| Property, plant and equipment | 105,391 | 107,745 |
| Intangible assets | 255,068 | 258,607 |
| Deferred tax asset | 7,301 | 5,665 |
| Total assets | 4,866,451 | 5,213,861 |
| LIABILITIES | | |
| Customer current accounts | 434,962 | 455,265 |
| Customer investment accounts | 1,481,481 | 1,716,154 |
| Due to banks and financial institutions | 1,232,117 | 1,493,018 |
| Other borrowings | 255,183 | 259,438 |
| Accounts payable | 438,107 | 344,475 |
| Current tax payable | 377 | 8,112 |
| Total liabilities | 3,842,227 | 4,276,462 |
| EQUITY | | |
| Capital and reserves attributable to the Bank's equity holders | | |
| Share capital | 671,309 | 568,832 |
| Reserves | 126,867 | 142,603 |
| | 798,176 | 711,435 |
| Minority interests | 226,048 | 225,964 |
| Total equity | 1,024,224 | 937,399 |
| Total equity and liabilities | 4,866,451 | 5,213,861 |
| Funds under management | 1,988,247 | 2,101,955 |

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(All amounts expressed in thousands of United States Dollars unless otherwise stated)

| | Three months ended | |
|--|-----------------------------|-----------------------------|
| | 31 March 2010 (Reviewed) | 31 March 2009 (Reviewed) |
| Profit for the period | 9,306 | 16,430 |
| Other comprehensive income | | |
| Movement in fair value of available-for-sale investments | 8,341 | 14,329 |
| Transfer to income statement due to disposal of available-for-sale investments | (21,759) | (1,632) |
| Movement in deferred tax of available-for-sale investments | 1,690 | (902) |
| Foreign currency translation differences for foreign operations | (3,347) | (10,456) |
| Other comprehensive income/(loss) for the period | (15,075) | 1,339 |
| Total comprehensive income/(loss) for the period | (5,769) | 17,769 |
| Attributable to: | | |
| Equity holders of the Bank | (5,853) | 4,133 |
| Minority interests | 84 | 13,636 |
| | (5,769) | 17,769 |

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

(All amounts expressed in thousands of United States Dollars unless otherwise stated)

| | Attributable to the Bank's equity holders | | | | | | Retained earnings | Total reserves | Minority interests | Total equity |
|--|---|----------------|-------------------|-----------------|--------------------|----------------------|-------------------|----------------|--------------------|------------------|
| | Share capital | Share premium | Statutory reserve | General reserve | Fair Value reserve | Currency translation | | | | |
| At 1 January 2010 (Audited) | 568,832 | 161,132 | 38,090 | 150,827 | 1,989 | (61,914) | (147,521) | 142,603 | 225,964 | 937,399 |
| Increase in share capital | 103,025 | - | - | - | - | - | - | - | - | 103,025 |
| Costs related to rights issue | - | (10,000) | - | - | - | - | - | (10,000) | - | (10,000) |
| Treasury shares purchased | (1,008) | 203 | - | - | - | - | - | 203 | - | (805) |
| Treasury shares sold | 460 | (86) | - | - | - | - | - | (86) | - | 374 |
| Total comprehensive income | - | - | - | (5,888) | (3,591) | 3,626 | (5,853) | 84 | (5,769) | - |
| Transfer to general reserve | - | - | - | 12,188 | - | - | (12,188) | - | - | - |
| At 31 March 2010 (Reviewed) | 671,309 | 151,249 | 38,090 | 163,015 | (3,899) | (65,505) | (156,083) | 126,867 | 226,048 | 1,024,224 |
| At 1 January 2009 (Audited) | 527,956 | 209,541 | 38,090 | 107,679 | (42,450) | (48,653) | 131,746 | 395,953 | 225,442 | 1,149,351 |
| Issue of bonus shares | 54,362 | (54,362) | - | - | - | - | - | (54,362) | - | - |
| Treasury shares purchased | (13,222) | 5,583 | - | - | - | - | - | 5,583 | - | (7,639) |
| Treasury shares sold | 875 | (233) | - | - | - | - | - | (233) | - | 642 |
| Total comprehensive income | - | - | - | - | 8,175 | (7,482) | 3,440 | 4,133 | 13,636 | 17,769 |
| Transfer to general reserve | - | - | - | 54,548 | - | - | (54,548) | - | - | - |
| Appropriation to Ithmaar Education and Training Fund | - | - | - | - | - | - | (554) | (554) | - | (554) |
| At 31 March 2009 (Reviewed) | 569,971 | 160,529 | 38,090 | 162,227 | (34,275) | (56,135) | 80,084 | 350,520 | 239,078 | 1,159,569 |

INTERIM CONDENSED CONSOLIDATED STATEMENT OF INCOME

(All amounts expressed in thousands of United States Dollars unless otherwise stated)

| | Three months ended | |
|--|-----------------------------|-----------------------------|
| | 31 March 2010 (Reviewed) | 31 March 2009 (Reviewed) |
| Income | | |
| Income from short term deposits | 13,869 | 23,771 |
| Income from investments in financings | 44,914 | 48,647 |
| Fee and commission income | 7,216 | 7,545 |
| Fund management and services | 1,753 | 2,188 |
| Income from investments | 24,545 | 24,464 |
| Net trading income | 2,105 | 1,819 |
| Other income | 281 | 3,854 |
| | 94,683 | 112,288 |
| Distribution to investment account holders and borrowing costs | (52,064) | (63,026) |
| Operating income | 42,619 | 49,262 |
| Expenses | | |
| Staff costs | (16,099) | (16,297) |
| General and administrative expenses | (12,575) | (8,501) |
| Depreciation and amortisation | (7,482) | (7,055) |
| Provision for impairment | (8,037) | (4,197) |
| Exchange gain/(loss) | 3,165 | (4,131) |
| Total expenses | (41,028) | (40,181) |
| Operating profit | 1,591 | 9,081 |
| Share of profit after tax of associated companies | 11,579 | 8,999 |
| Profit before income taxes | 13,170 | 18,080 |
| Taxes | (3,864) | (1,650) |
| Profit after income taxes | 9,306 | 16,430 |
| Attributable to: | | |
| Equity holders of the Bank | 3,626 | 3,828 |
| Minority interests | 5,680 | 12,602 |
| | 9,306 | 16,430 |
| Basic and diluted earnings per share | US cts 0.17 | US cts 0.17 |

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

(All amounts expressed in thousands of United States Dollars unless otherwise stated)

| | Three months ended | |
|---|-----------------------------|-----------------------------|
| | 31 March 2010 (Reviewed) | 31 March 2009 (Reviewed) |
| Cash flows from operating activities | | |
| Profit before taxes and minority interests | 13,170 | 18,080 |
| Adjustments for: | | |
| Depreciation and amortisation | 7,482 | 7,054 |
| Changes in fair value of investment properties | 244 | (22,987) |
| Share of profit after tax of associated companies | (11,579) | (8,999) |
| Provision for impairment | 8,037 | 4,197 |
| Operating profit/(loss) before changes in operating assets and liabilities | 17,354 | (2,655) |
| Decrease/(increase) in investments in financings | 168,672 | (192,356) |
| Decrease/(increase) in investment securities | 38,319 | (41,048) |
| Increase in accounts receivable | (53,012) | (99,483) |
| Increase/(decrease) in accounts payable, excluding taxes | 84,632 | (23,471) |
| (Decrease)/increase in customer accounts | (254,976) | 18,904 |
| (Decrease)/increase in due to banks and financial institutions | (260,902) | 592,791 |
| Taxes paid | (11,557) | (1,307) |
| Net cash (used in)/provided by operating activities | (271,470) | 251,375 |
| Cash flows from investing activities | | |
| Dividends from associated companies | 14,327 | 10,916 |
| Purchase of investment properties | (6,162) | (7,735) |
| Purchase of property, plant and equipment | (1,594) | (3,453) |
| Sale of property, plant and equipment | 1,410 | 619 |
| Net cash provided by investing activities | 7,981 | 347 |
| Cash flows from financing activities | | |
| Proceeds from rights issue | 103,025 | - |
| Other borrowings | (4,255) | (31,184) |
| Treasury shares purchased | (805) | (7,639) |
| Treasury shares sold | 374 | 642 |
| Net cash provided by/(used in) financing activities | 98,339 | (38,181) |
| Foreign currency translation adjustments | (2,548) | 10,887 |
| Net (decrease)/increase in cash and cash equivalents | (167,698) | 224,428 |
| Cash and cash equivalents at beginning of period | 665,697 | 1,257,132 |
| Cash and cash equivalents at end of period | 497,999 | 1,481,560 |

The above Interim Condensed Consolidated Statement of Financial Position, Interim Condensed Consolidated Statement of Income, Interim Condensed Consolidated Statement of Comprehensive Income, Interim Condensed Consolidated Statement of Changes in Equity and Interim Condensed Consolidated Statement of Cash Flows have been extracted from the Interim Condensed Consolidated Financial Information of Ithmaar Bank B.S.C. for the three months ended 31 March 2010, which were approved for issue by the Board of Directors on 13 May 2010 and reviewed by PricewaterhouseCoopers Bahrain Limited, Kingdom of Bahrain, who issued an unqualified review report on 13 May 2010.

HRH Prince Amr Mohamed Al Faisal
Chairman

Khalid Abdulla-Janahi
Director

Mohamed Hussain
Acting CEO

بنك الإثمار
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