

# CONSOLIDATED FINANCIAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2015

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

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

	At 31 December	
	2015 (Audited)	2014 (Audited)
<b>ASSETS</b>		
Cash and balances with banks and central banks	590,409	559,394
Commodity and other placements with banks, financial and other institutions	270,820	173,896
Murabaha and other financings	3,399,770	3,487,812
Musharaka financing	149,673	90,150
Investment in mudaraba	21,348	17,434
Investment in associates	655,388	684,821
Sukuk and investment securities	1,919,430	1,767,618
Restricted investment accounts	78,651	69,869
Assets acquired for leasing	169,482	74,243
Investment in real estate	256,493	332,599
Other assets	319,437	273,196
Fixed assets	112,389	113,278
Intangible assets	195,351	216,594
<b>Total assets</b>	<b>8,138,641</b>	<b>7,860,904</b>
<b>LIABILITIES, EQUITY OF UNRESTRICTED INVESTMENT ACCOUNTHOLDERS, MINORITY INTEREST AND OWNERS' EQUITY</b>		
Customers' current accounts	1,436,335	1,372,653
Due to banks, financial and other institutions	1,639,871	1,473,298
Due to investors	1,951,441	1,995,345
Other liabilities	320,011	274,090
<b>Total liabilities</b>	<b>5,347,658</b>	<b>5,115,386</b>
Equity of unrestricted investment accountholders	2,199,142	2,001,949
Minority interest	177,618	220,183
<b>Total liabilities, equity of unrestricted investment accountholders and minority interest</b>	<b>7,724,418</b>	<b>7,337,518</b>
Share capital	757,690	757,690
Treasury shares	(30,149)	(30,149)
Reserves	210,894	259,260
Accumulated losses	(524,212)	(463,415)
<b>Total owners' equity</b>	<b>414,223</b>	<b>523,386</b>
<b>Total liabilities, equity of unrestricted investment accountholders, minority interest and owners' equity</b>	<b>8,138,641</b>	<b>7,860,904</b>

## 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 fair value reserve	Investment in real estate fair value reserve	Foreign currency translation	Total reserves		
At 1 January 2015 (Audited)	757,690	(30,149)	149,692	38,090	50,727	45,436	457	(25,142)	259,260	(463,415)	523,386
Net loss for the year	-	-	-	-	-	-	-	-	-	(60,797)	(60,797)
Movement in fair value of Sukuk and investment securities	-	-	-	-	-	(4,016)	-	-	(4,016)	-	(4,016)
Movement in fair value of associates	-	-	-	-	-	(31,134)	-	-	(31,134)	-	(31,134)
Movement in deferred tax relating to sukuk and investment securities	-	-	-	-	-	23	(440)	-	(417)	-	(417)
Transfer to income statement due to disposal of sukuk and investment securities	-	-	-	-	-	(1,038)	-	-	(1,038)	-	(1,038)
Movement in fair value of investment in real estate	-	-	-	-	-	-	1,473	-	1,473	-	1,473
Foreign currency translation adjustments	-	-	-	-	-	(59)	96	(13,271)	(13,234)	-	(13,234)
<b>At 31 December 2015 (Audited)</b>	<b>757,690</b>	<b>(30,149)</b>	<b>149,692</b>	<b>38,090</b>	<b>50,727</b>	<b>9,212</b>	<b>1,586</b>	<b>(38,413)</b>	<b>210,894</b>	<b>(524,212)</b>	<b>414,223</b>
At 1 January 2014 (Audited)	757,690	(30,149)	149,692	38,090	50,727	29,027	1,103	(16,209)	252,430	(448,403)	531,568
Net loss for the year	-	-	-	-	-	-	-	-	-	(15,012)	(15,012)
Movement in fair value of Sukuk and investment securities	-	-	-	-	-	1,371	-	-	1,371	-	1,371
Movement in fair value of associates	-	-	-	-	-	16,713	-	-	16,713	-	16,713
Movement in deferred tax relating to sukuk and investment securities	-	-	-	-	-	(234)	(11)	-	(245)	-	(245)
Transfer to income statement due to impairment of sukuk and investment securities	-	-	-	-	-	306	-	-	306	-	306
Transfer to income statement due to disposal of sukuk and investment securities	-	-	-	-	-	(1,794)	-	-	(1,794)	-	(1,794)
Movement in fair value of investment in real estate	-	-	-	-	-	-	(654)	-	(654)	-	(654)
Foreign currency translation adjustments	-	-	-	-	-	47	19	(8,933)	(8,867)	-	(8,867)
<b>At 31 December 2014 (Audited)</b>	<b>757,690</b>	<b>(30,149)</b>	<b>149,692</b>	<b>38,090</b>	<b>50,727</b>	<b>45,436</b>	<b>457</b>	<b>(25,142)</b>	<b>259,260</b>	<b>(463,415)</b>	<b>523,386</b>

## CONSOLIDATED INCOME STATEMENT

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

	Year ended 31 December	
	2015 (Audited)	2014 (Audited)
<b>INCOME</b>		
Income from unrestricted investment accounts	95,036	100,500
Less: return to unrestricted investment accounts and impairment provisions	(69,143)	(76,793)
<b>Group's share of income from unrestricted investment accounts as a Mudarib</b>	<b>25,893</b>	<b>23,707</b>
Group's share of income from restricted investment accounts as a Mudarib	164	208
Income from murabaha and other financings	187,092	225,980
Share of profit after tax from associates	33,058	22,317
Income from other investments	179,456	126,744
Other income	52,687	54,996
<b>Total income</b>	<b>478,350</b>	<b>453,952</b>
Less: profit paid to banks, financial and other institutions - net	(209,981)	(226,192)
<b>Operating income</b>	<b>268,369</b>	<b>227,760</b>
<b>EXPENSES</b>		
Administrative and general expenses	(160,620)	(167,868)
Depreciation and amortization	(29,791)	(30,930)
<b>Total expenses</b>	<b>(190,411)</b>	<b>(198,798)</b>
<b>Net income before provision for impairment and overseas taxation</b>	<b>77,958</b>	<b>28,962</b>
Provision for impairment - net	(95,025)	(26,125)
<b>Net income/(loss) before overseas taxation</b>	<b>(17,067)</b>	<b>2,837</b>
Overseas taxation	(29,328)	(11,684)
<b>NET LOSS FOR THE YEAR</b>	<b>(46,395)</b>	<b>(8,847)</b>
Attributable to:		
Equity holders of the Bank	(60,797)	(15,012)
Minority interests	14,402	6,165
	<b>(46,395)</b>	<b>(8,847)</b>
<b>Basic and diluted earnings per share</b>	<b>US Cts (2.09)</b>	<b>US Cts (0.52)</b>

## CONSOLIDATED STATEMENT OF CASH FLOWS

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

	Year ended 31 December	
	2015 (Audited)	2014 (Audited)
<b>OPERATING ACTIVITIES</b>		
Net income/(loss) before overseas taxation	(17,067)	2,837
<b>Adjustments for:</b>		
Depreciation and amortization	29,791	30,930
Share of profit after tax from associates	(33,058)	(22,317)
Provision for impairment - net	95,025	26,125
Gain on sale of fixed assets	(1,259)	(1,611)
<b>Operating income before changes in operating assets and liabilities</b>	<b>73,432</b>	<b>35,964</b>
(Increase)/decrease in balances with banks maturing after ninety days and including with central banks relating to minimum reserve requirement	(64,534)	(45,589)
(Increase)/decrease in operating assets:		
Murabaha and other financings	(20,628)	(117,373)
Musharaka financing	(64,465)	(25,088)
Other assets	(69,319)	1,306
Increase/(decrease) in operating liabilities:		
Customers' current accounts	99,724	67,142
Due to banks, financial and other institutions	196,955	151,173
Due to investors	37,691	56,024
Other liabilities	43,646	34,551
Increase in equity of unrestricted investment accountholders	197,178	16,480
<b>Net cash provided by operating activities</b>	<b>429,680</b>	<b>174,590</b>
<b>INVESTING ACTIVITIES</b>		
Net (increase)/decrease:		
Investment in mudaraba	(707)	2,513
Investment in associates	7,539	1,440
Investment in restricted investment accounts	(8,645)	750
Assets acquired for leasing	(95,909)	(9,957)
Sukuk and investment securities	(247,912)	(425,368)
Dividend received from associates	14,513	6,304
Purchase of fixed assets	(3,744)	(3,528)
Investment in real estate	-	3,460
<b>Net cash used in investing activities</b>	<b>(334,865)</b>	<b>(424,386)</b>
<b>FINANCING ACTIVITIES</b>		
Taxes paid	(15,440)	(12,724)
Minority interest	(7,957)	-
<b>Net cash used in financing activities</b>	<b>(23,397)</b>	<b>(12,724)</b>
Foreign currency translation adjustments	(5,693)	12,958
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>65,725</b>	<b>(249,562)</b>
<b>Cash and cash equivalents at the beginning of the year</b>	<b>520,770</b>	<b>770,332</b>
<b>Cash and cash equivalents at the end of the year</b>	<b>586,495</b>	<b>520,770</b>

The above Consolidated Statement of Financial Position, Consolidated Income Statement, Consolidated Statement of Changes in Owners' Equity and Consolidated Statement of Cash Flows have been extracted from the Consolidated Financial Statements of Ithmaar Bank B.S.C. for the year ended 31 December 2015, which were approved for issue by the Board of Directors on 28 February 2016 and audited by PricewaterhouseCoopers ME Limited, Kingdom of Bahrain, who expressed an unqualified opinion.

HRH Prince Amr Mohamed Al Faisal  
Chairman

Abdullah Ebrahim Al-Qassimi  
Director

Ahmed Abdul Rahim  
CEO

Ithmaar Bank B.S.C., C.R.: 15210, P.O. Box 2820, Seef Tower, Manama, Kingdom of Bahrain.  
Tel: (+973) 17584000, Fax: (+973) 17584017, Website: www.ithmaarbank.com

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