

INTERIM CONDENSED CONSOLIDATED FINANCIAL RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2015

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

	At 30 June 2015 (Reviewed)	At 31 December 2014 (Audited)	At 30 June 2014 (Reviewed)
ASSETS			
Cash and balances with banks and central banks	653,411	559,394	668,199
Commodity and other placements with banks, financial and other institutions	420,027	330,371	383,352
Murabaha and other financings	3,327,182	3,331,337	3,306,155
Musharaka financing	125,643	90,150	75,238
Investment in mudaraba	16,881	17,434	17,711
Investment in associates	683,528	684,821	680,197
Investment securities	2,218,929	1,767,618	1,376,997
Restricted investment accounts	77,317	69,869	77,049
Assets acquired for leasing	118,823	74,243	64,187
Investment in real estate	328,821	332,599	347,236
Other assets	303,833	273,196	295,802
Fixed assets	114,366	113,278	118,699
Intangible assets	209,134	216,594	223,829
Total assets	8,597,895	7,860,904	7,634,651
LIABILITIES, EQUITY OF UNRESTRICTED INVESTMENT ACCOUNTHOLDERS, MINORITY INTEREST AND OWNERS' EQUITY			
Customers' current accounts	1,490,890	1,372,653	1,494,291
Due to banks, financial and other institutions	1,885,885	1,473,298	1,208,958
Due to investors	2,022,168	1,995,345	1,885,662
Other liabilities	290,268	274,090	303,310
Total liabilities	5,689,211	5,115,386	4,892,221
Equity of unrestricted investment accountholders	2,177,471	2,001,949	1,965,623
Minority interest	221,184	220,183	230,468
Total liabilities, equity of unrestricted investment accountholders and minority interest	8,087,866	7,337,518	7,088,312
Share capital	757,690	757,690	757,690
Treasury shares	(30,149)	(30,149)	(30,149)
Reserves	240,246	259,260	267,313
Accumulated losses	(457,758)	(463,415)	(448,515)
Total owners' equity	510,029	523,386	546,339
Total liabilities, equity of unrestricted investment accountholders, minority interest and owners' equity	8,597,895	7,860,904	7,634,651

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

	Six months ended		Three months ended	
	30 June 2015 (Reviewed)	30 June 2014 (Reviewed)	30 June 2015 (Reviewed)	30 June 2014 (Reviewed)
INCOME				
Income from murabaha and other financings	100,687	113,012	47,952	57,224
Share of profit after tax from associates	29,949	22,276	20,033	10,625
Income from other investments	94,077	58,986	44,201	31,142
Group's share of income from unrestricted investment accounts as a Mudarib	11,830	9,336	5,314	5,734
Group's share of income from restricted investment accounts as a Mudarib	87	108	40	54
Other income	26,992	23,002	10,408	10,794
Total income	263,622	226,720	127,948	115,573
Less: profit paid to banks, financial and other institutions - net	(106,022)	(111,843)	(53,685)	(57,823)
Operating income	157,600	114,877	74,263	57,750
EXPENSES				
Administrative and general expenses	(81,019)	(85,538)	(40,173)	(44,581)
Depreciation and amortization	(14,932)	(15,025)	(6,842)	(7,628)
Total expenses	(95,951)	(100,563)	(47,015)	(52,209)
Net income before provision for impairment and overseas taxation	61,649	14,314	27,248	5,541
Provision for impairment - net	(30,004)	(10,925)	(14,064)	(6,707)
NET INCOME/(LOSS) BEFORE OVERSEAS TAXATION	31,645	3,389	13,184	(1,166)
Overseas taxation	(18,604)	(1,615)	(7,767)	828
NET INCOME/(LOSS) FOR THE PERIOD	13,041	1,774	5,417	(338)
Attributable to:				
Equity holders of the Bank	5,657	(112)	3,016	(614)
Minority interests	7,384	1,886	2,401	276
	13,041	1,774	5,417	(338)
Basic and diluted earnings per share	US Cts 0.19	US Cts (0.00)	US Cts 0.10	US Cts (0.02)

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 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 income for the period	-	-	-	-	-	-	-	-	-	5,657	5,657
Movement in fair value of investment securities	-	-	-	-	-	(3,964)	-	-	(3,964)	-	(3,964)
Movement in fair value of associates	-	-	-	-	-	(13,478)	-	-	(13,478)	-	(13,478)
Foreign currency translation adjustments	-	-	-	-	-	(14)	37	(1,595)	(1,572)	-	(1,572)
At 30 June 2015 (Reviewed)	757,690	(30,149)	149,692	38,090	50,727	27,980	494	(26,737)	240,246	(457,758)	510,029

	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 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 period	-	-	-	-	-	-	-	-	-	(112)	(112)
Movement in fair value of investment securities	-	-	-	-	-	(518)	-	-	(518)	-	(518)
Movement in fair value of associates	-	-	-	-	-	6,606	-	-	6,606	-	6,606
Foreign currency translation adjustments	-	-	-	-	-	82	38	8,675	8,795	-	8,795
At 30 June 2014 (Reviewed)	757,690	(30,149)	149,692	38,090	50,727	35,197	1,141	(7,534)	267,313	(448,515)	546,339

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

	Six months ended	
	30 June 2015 (Reviewed)	30 June 2014 (Reviewed)
OPERATING ACTIVITIES		
Net income before overseas taxation	31,645	3,389
Adjustments for:		
Depreciation and amortization	14,932	15,025
Share of profit after tax from associates	(29,949)	(22,276)
Provision for impairment - net	30,004	10,925
Gain on sale of fixed assets	(1,069)	(338)
Operating income before changes in operating assets and liabilities	45,563	6,725
Balances with banks maturing after ninety days and including with central banks relating to minimum reserve requirement	(52,195)	7,653
(Increase)/decrease in operating assets:		
Murabaha and other financings	(39,258)	(47,563)
Musharaka financing	(36,523)	(13,137)
Other assets	(12,046)	(13,198)
Increase/(decrease) in operating liabilities:		
Customers' current accounts	127,541	169,728
Due to banks, financial and other institutions	420,039	(117,405)
Due to investors	47,920	(91,042)
Other liabilities	15,662	56,651
Increase/(decrease) in equity of unrestricted investment accountholders	175,343	(19,846)
Net cash provided by/(used in) operating activities	692,046	(61,434)
INVESTING ACTIVITIES		
Net (increase)/decrease:		
Investment in mudaraba	1,659	3,090
Investment in restricted investment accounts	(7,302)	1,134
Investment in associates	-	1,440
Assets acquired for leasing	(79,654)	99
Investment securities	(478,318)	(2,083)
Dividend received from associates	13,869	6,304
(Purchase)/disposals of fixed assets	(830)	761
Investment in real estate	(2,084)	3,327
Net cash provided by/(used in) investing activities	(552,660)	14,072
FINANCING ACTIVITIES		
Taxes paid	(5,120)	(8,019)
Minority interest	(5,295)	-
Net cash used in financing activities	(10,415)	(8,019)
Foreign currency translation adjustments	2,507	20,593
Net increase/(decrease) in cash and cash equivalents	131,478	(34,788)
Cash and cash equivalents at the beginning of the period	652,242	901,804
Cash and cash equivalents at the end of the period	783,720	867,016

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 Bank B.S.C. for the six month period ended 30 June 2015, 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 9 August 2015.

HRH Prince Amr Mohamed Al Faisal
Chairman

Abdullellah 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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