

**ITHMAAR HOLDING B.S.C.**

INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION  
FOR THE SIX MONTH PERIOD ENDED 30 JUNE 2022

ITHMAAR HOLDING B.S.C.  
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## *Review report on the interim condensed consolidated financial information to the Board of Directors of Ithmaar Holding B.S.C.*

### **Introduction**

We have reviewed the accompanying interim condensed consolidated statement of financial position of Ithmaar Holding B.S.C. ("Ithmaar") and its subsidiaries (the "Group") as at 30 June 2022 and the related interim condensed consolidated income statement for the three and six month periods then ended, and the related interim condensed consolidated statements of changes in owners' equity, cash flows and changes in restricted investment accounts for the six month period then ended and explanatory notes. The directors are responsible for the preparation and presentation of this interim condensed consolidated financial information in accordance with the basis of preparation stated in note 2 to this interim condensed consolidated financial information. Our responsibility is to express a conclusion on this interim condensed consolidated financial information based on our review.

### **Scope of Review**

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

### **Conclusion**

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim condensed consolidated financial information is not prepared, in all material respects, in accordance with the basis of preparation stated in note 2 to this interim condensed consolidated financial information.

A handwritten signature in blue ink that reads 'PricewaterhouseCoopers' in a cursive style.

Elias Abi Nakhoul  
Partner's registration number: 196  
PricewaterhouseCoopers M.E Limited  
Manama, Kingdom of Bahrain  
28 August 2022


**Ithmaar Holding B.S.C.**


**Interim condensed consolidated statement of financial position**


(Expressed in thousands of United States Dollars unless otherwise stated)

	Note	At 30 June 2022 (Reviewed)	At 31 December 2021 (Audited)
<b>ASSETS</b>			
Cash and balances with banks and central banks	3	640,178	545,116
Commodity and other placements with banks, financial and other institutions	4	64,781	249,569
Murabaha and other financings	5	1,335,242	2,190,974
Musharaka financing	6	1,549,007	1,425,743
Sukuk and investment securities	7	1,931,585	2,524,742
Investment in associates	8	102,306	676,933
Assets acquired for leasing		3,200	391,820
Insurance and related receivables		-	103,474
Other assets	9	185,552	180,624
Investment in real estate		244,671	256,319
Development properties		199,204	233,235
Fixed assets		130,837	171,774
Intangible assets		34,876	82,466
		<b>6,421,439</b>	<b>9,032,789</b>
Assets classified as held for sale	18	2,543,176	-
<b>Total assets</b>		<b>8,964,615</b>	<b>9,032,789</b>
<b>LIABILITIES, EQUITY OF UNRESTRICTED INVESTMENT ACCOUNTHOLDERS AND TOTAL EQUITY</b>			
<b>LIABILITIES</b>			
Customers' current accounts		1,834,527	1,903,979
Due to banks, financial and other institutions		1,361,417	1,367,702
Due to investors		206,067	1,114,187
Other liabilities		382,414	453,276
Insurance related reserves		-	129,734
		<b>3,784,425</b>	<b>4,968,878</b>
Liabilities directly associated with assets classified as held for sale	18	431,728	-
<b>Total liabilities</b>		<b>4,216,153</b>	<b>4,968,878</b>
Equity of unrestricted investment accountholders	11	2,469,734	3,751,697
Equity of unrestricted investment accountholders directly associated with assets classified as held for sale	11,18	-	-
		2,022,902	-
<b>Total equity of unrestricted investment accountholders</b>		<b>4,492,636</b>	<b>3,751,697</b>
<b>Total liabilities and equity of unrestricted investment accountholders</b>		<b>8,708,789</b>	<b>8,720,575</b>
Share capital	12	757,690	757,690
Treasury shares	12	(30,149)	(30,149)
Reserves		68,944	109,009
Accumulated losses		(790,443)	(798,788)
<b>Total owners' equity</b>		<b>6,042</b>	<b>37,762</b>
Non-controlling interest		249,784	274,452
<b>Total Equity</b>		<b>255,826</b>	<b>312,214</b>
<b>Total liabilities, equity of unrestricted investment accountholders and total equity</b>		<b>8,964,615</b>	<b>9,032,789</b>

This interim condensed consolidated financial information was approved by the Board of Directors on 28 August 2022 and signed on its behalf by:

  
 HRH Prince Amr Mohamed Al Faisal  
 Chairman

  
 Elham Hasan

  
 Ahmed Abdul Rahim  
 CEO


The notes 1 to 18 on pages 11 to 27 form an integral part of the interim condensed consolidated financial information.


**Ithmaar Holding B.S.C.**
**Interim condensed consolidated income statement**


(Expressed in thousands of United States Dollars unless otherwise stated)

		<u>Six months ended</u>		<u>Three months ended</u>	
	<b>Note</b>	<b>30 June 2022</b>	<b>30 June 2021</b>	<b>30 June 2022</b>	<b>30 June 2021</b>
		<b>(Reviewed)</b>	<b>(Reviewed)</b>	<b>(Reviewed)</b>	<b>(Reviewed)</b>
<b>INCOME</b>					
Income from assets financed by unrestricted investment accounts		188,360	104,992	116,144	59,623
Less: return to unrestricted investment accountholders and impairment provisions		(92,304)	(52,741)	(60,471)	(27,193)
<b>Group's share of income from unrestricted investment accounts as a Mudarib</b>		<b>96,056</b>	<b>52,251</b>	<b>55,673</b>	<b>32,430</b>
Income from murabaha and other financings		17,249	37,701	6,934	18,660
Share of results after tax from associates		1,433	(2,421)	1,813	(944)
Income from investments		47,375	57,164	22,096	30,032
Other income		39,987	33,555	24,392	9,616
<b>Total income</b>		<b>202,100</b>	<b>178,250</b>	<b>110,908</b>	<b>89,794</b>
Less: profit paid to banks, financial and other institutions – net		(72,434)	(79,196)	(36,543)	(38,971)
<b>Operating income</b>		<b>129,666</b>	<b>99,054</b>	<b>74,365</b>	<b>50,823</b>
<b>EXPENSES</b>					
Administrative and general expenses		(77,143)	(78,670)	(38,447)	(43,867)
Depreciation and amortization		(13,670)	(15,759)	(5,765)	(7,390)
<b>Total expenses</b>		<b>(90,813)</b>	<b>(94,429)</b>	<b>(44,212)</b>	<b>(51,257)</b>
<b>Net income/(loss) before provision for impairment and overseas taxation</b>		<b>38,853</b>	<b>4,625</b>	<b>30,153</b>	<b>(434)</b>
Provision for/(reversal of) impairment - net	10	(6,644)	9,079	(8,192)	177
<b>Net income/(loss) before overseas taxation</b>		<b>32,209</b>	<b>13,704</b>	<b>21,961</b>	<b>(257)</b>
Overseas taxation		(23,439)	(17,411)	(14,147)	(8,784)
<b>NET INCOME/(LOSS) FROM CONTINUING OPERATIONS</b>		<b>8,770</b>	<b>(3,707)</b>	<b>7,814</b>	<b>(9,041)</b>
Net results from discontinued operations	18	9,362	16,668	3,850	8,150
<b>NET INCOME/(LOSS) FOR THE PERIOD</b>		<b>18,132</b>	<b>12,961</b>	<b>11,664</b>	<b>(891)</b>
<b>Attributable to:</b>					
Equity holders of Ithmaar		9,077	4,006	7,939	(4,855)
Non-controlling interest		9,055	8,955	3,725	3,964
		<b>18,132</b>	<b>12,961</b>	<b>11,664</b>	<b>(891)</b>
<b>Basic and diluted earnings/(losses) per share</b>	15	<b>US Cts 0.31</b>	<b>US Cts 0.14</b>	<b>US Cts 0.27</b>	<b>US Cts (0.17)</b>
<b>Basic and diluted earnings/(losses) per share - continuing operations</b>	15	<b>US Cts 0.09</b>	<b>US Cts (0.42)</b>	<b>US Cts 0.21</b>	<b>US Cts (0.47)</b>

This interim condensed consolidated financial information was approved by the Board of Directors on 28 August 2022 and signed on its behalf by:

  
 HRH Prince Amr Mohamed Al Faisal  
 Chairman

  
 Elham Hasan  
 Director

  
 Ahmed Abdul Rahim  
 CEO

The notes 1 to 18 on pages 11 to 27 form an integral part of the interim condensed consolidated financial information.

**Ithmaar Holding B.S.C.**

**Interim condensed consolidated statement of changes in owners' equity for the six month period ended 30 June 2022**

(Expressed in thousands of United States Dollars unless otherwise stated)

	Reserves					Investments fair value reserve	Hedging reserve	Investment in real estate fair value reserve	Foreign currency translation	Accumulated losses	Total owners' equity	Non- controlling interest	Total Equity
	Share capital	Treasury shares	Share premium	Statutory reserve	General reserve								
<b>At 1 January 2022 (Audited)</b>	<b>757,690</b>	<b>(30,149)</b>	<b>149,085</b>	<b>42,345</b>	<b>50,727</b>	<b>(2,882)</b>	<b>(3,581)</b>	<b>4,551</b>	<b>(131,236)</b>	<b>(798,788)</b>	<b>37,762</b>	<b>274,452</b>	<b>312,214</b>
Net income for the period	-	-	-	-	-	-	-	-	-	9,077	9,077	9,055	18,132
Movement from acquisition of a subsidiary	-	-	-	-	-	-	-	-	-	(732)	(732)	(577)	(1,309)
Movement from dividend distribution by subsidiaries	-	-	-	-	-	-	-	-	-	-	-	(18,919)	(18,919)
Movement in fair value of sukuk and investment securities	-	-	-	-	-	(7,167)	-	-	-	-	(7,167)	1,638	(5,529)
Movement in fair value of investment in real estate	-	-	-	-	-	-	-	(335)	-	-	(335)	(801)	(1,136)
Movement in hedging reserve	-	-	-	-	-	-	3,581	-	-	-	3,581	-	3,581
Movement in fair value reserve of associates	-	-	-	-	-	(2,185)	-	-	-	-	(2,185)	-	(2,185)
Foreign currency translation adjustments	-	-	-	-	-	207	-	(443)	(33,723)	-	(33,959)	(15,064)	(49,023)
<b>At 30 June 2022 (Reviewed)</b>	<b>757,690</b>	<b>(30,149)</b>	<b>149,085</b>	<b>42,345</b>	<b>50,727</b>	<b>(12,027)</b>	<b>-</b>	<b>3,773</b>	<b>(164,959)</b>	<b>(790,443)</b>	<b>6,042</b>	<b>249,784</b>	<b>255,826</b>

The notes 1 to 18 on pages 11 to 27 form an integral part of the interim condensed consolidated financial information.

**Ithmaar Holding B.S.C.**

**Interim condensed consolidated statement of changes in owners' equity for the six month period ended 30 June 2021**

(Expressed in thousands of United States Dollars unless otherwise stated)

	Reserves										Accumulated losses	Total owners' equity	Non-controlling interest	Total Equity
	Share capital	Treasury shares	Share premium	Statutory reserve	General reserve	Investments fair value reserve	Hedging reserve	Investment in real estate fair value reserve	Foreign currency translation					
<b>At 1 January 2021 (Audited)</b>	<b>757,690</b>	<b>(30,149)</b>	<b>149,085</b>	<b>38,485</b>	<b>50,727</b>	<b>(4,216)</b>	<b>(7,324)</b>	<b>4,491</b>	<b>(110,230)</b>	<b>(833,797)</b>	<b>14,762</b>	<b>277,375</b>	<b>292,137</b>	
Net income for the period	-	-	-	-	-	-	-	-	-	4,006	<b>4,006</b>	8,955	<b>12,961</b>	
Increase in shareholding of subsidiary	-	-	-	-	-	-	-	-	-	781	<b>781</b>	(781)	-	
Movement from dividend distribution by subsidiaries	-	-	-	-	-	-	-	-	-	-	-	(2,231)	<b>(2,231)</b>	
Movement in fair value of sukuk and investment securities	-	-	-	-	-	7,532	-	-	-	-	<b>7,532</b>	(842)	<b>6,690</b>	
Movement in hedging reserve	-	-	-	-	-	-	1,958	-	-	-	<b>1,958</b>	-	<b>1,958</b>	
Movement in fair value reserve of associates	-	-	-	-	-	8,725	-	-	-	-	<b>8,725</b>	-	<b>8,725</b>	
Foreign currency translation adjustments	-	-	-	-	-	109	-	22	729	-	<b>860</b>	1,414	<b>2,274</b>	
<b>At 30 June 2021 (Reviewed)</b>	<b>757,690</b>	<b>(30,149)</b>	<b>149,085</b>	<b>38,485</b>	<b>50,727</b>	<b>12,150</b>	<b>(5,366)</b>	<b>4,513</b>	<b>(109,501)</b>	<b>(829,010)</b>	<b>38,624</b>	<b>283,890</b>	<b>322,514</b>	

The notes 1 to 18 on pages 11 to 27 form an integral part of the interim condensed consolidated financial information.

**Ithmaar Holding B.S.C.**  
**Interim condensed consolidated statement of cash flows**  
(Expressed in thousands of United States Dollars unless otherwise stated)

		<b>Six months ended</b>	
	<b>Notes</b>	<b>30 June 2022</b>	<b>30 June 2021</b>
		<b>(Reviewed)</b>	<b>(Reviewed)</b>
<b>OPERATING ACTIVITIES</b>			
<b>Net income before overseas taxation from:</b>			
Continuing operations		32,209	13,704
Discontinued operations		9,362	16,668
<b>Adjustments for:</b>			
Depreciation and amortization		13,670	15,759
Share of results after tax from associates		(1,433)	2,421
Provision for/(reversal of) impairment - net	10	6,644	(9,079)
Income from investments		(47,375)	(57,164)
Finance cost on net ijarah liability		3,625	3,884
Loss on sale of fixed assets		(142)	(1,557)
Operating profit/(loss) before changes in operating assets and liabilities		16,560	(15,364)
Changes in operating assets and liabilities:			
Balances with banks maturing after ninety days including central banks balances relating to minimum reserve requirement		19,140	3,010
Murabaha and other financings		(57,845)	119,301
Musharaka financing		(351,874)	(278,592)
Other assets		(128,415)	(41,378)
Customers' current accounts		228,424	221,555
Due to banks, financial and other institutions		147,484	176,556
Due to investors		(61,269)	3,342
Other liabilities		137,885	56,808
Increase in equity of unrestricted investment accountholders		191,870	140,272
Taxes paid		(25,984)	(15,904)
<b>Net cash generated from operating activities</b>		<b>115,976</b>	<b>369,606</b>
<b>INVESTING ACTIVITIES</b>			
Net changes in:			
Investment in associates		-	(205)
Assets acquired for leasing		10,275	(15,844)
Sukuk and investment securities		59,632	(261,832)
Fixed assets		(19,131)	(4,207)
Dividend received from associates		-	21,653
<b>Net cash provided by/(used in) investing activities</b>		<b>50,776</b>	<b>(260,435)</b>
<b>FINANCING ACTIVITY</b>			
Repayment of net lajarah liability		(3,510)	(5,385)
<b>Net cash used in financing activity</b>		<b>(3,510)</b>	<b>(5,385)</b>
Foreign currency translation adjustments		(73,210)	(8,522)
<b>Net increase in cash and cash equivalents</b>		<b>90,032</b>	<b>95,264</b>
<b>Cash and cash equivalents at the beginning of the period</b>		<b>621,220</b>	<b>754,107</b>
<b>Cash and cash equivalents at the end of the period</b>	4	<b>711,252</b>	<b>849,371</b>

The notes 1 to 18 on pages 11 to 27 form an integral part of the interim condensed consolidated financial information.



**Ithmaar Holding B.S.C.**

**Interim condensed consolidated statement of changes in restricted investment accounts  
for the six month period ended 30 June 2022**

(Expressed in thousands of United States Dollars unless otherwise stated)

	<b>At 1 January 2022</b>	<b>Foreign exchange movements</b>	<b>At 30 June 2022</b>
Shamil Bosphorus Modaraba*	6,250	-	6,250
European Real Estate Placements*	12,713	(2,742)	9,971
US Real Estate Placements*	25,236	-	25,236
<b>TOTAL (Reviewed)</b>	<b>44,199</b>	<b>(2,742)</b>	<b>41,457</b>

\* Income/(loss) will be recognised and distributed at the time of disposal of the underlying investments.

The notes 1 to 18 on pages 11 to 27 form an integral part of the interim condensed consolidated financial information.

**Ithmaar Holding B.S.C.**

**Interim condensed consolidated statement of changes in restricted investment accounts  
for the six month period ended 30 June 2021**

(Expressed in thousands of United States Dollars unless otherwise stated)

	<b>At 1 January 2021</b>	<b>Foreign exchange movements</b>	<b>At 30 June 2021</b>
Shamil Bosphorus Modaraba*	6,250	-	6,250
European Real Estate Placements*	12,748	1,542	14,290
US Real Estate Placements*	25,236	-	25,236
<b>TOTAL (Reviewed)</b>	<b>44,234</b>	<b>1,542</b>	<b>45,776</b>

\* Income/(loss) will be recognised and distributed at the time of disposal of the underlying investments.

The notes 1 to 18 on pages 11 to 27 form an integral part of the interim condensed consolidated financial information.

## Ithmaar Holding B.S.C.

### Notes to interim condensed consolidated financial information for the six month period ended 30 June 2022

#### 1 INCORPORATION AND ACTIVITIES

Ithmaar Holding B.S.C. (formerly Ithmaar Bank B.S.C.) ("Ithmaar") was incorporated in the Kingdom of Bahrain on 13 August 1984 and was licensed as an investment bank regulated by the Central Bank of Bahrain (the "CBB").

Dar Al-Maal Al-Islami Trust ("DMIT"), a Trust incorporated in the commonwealth of Bahamas is the parent company of Ithmaar.

The principal activities of Ithmaar and its subsidiaries (collectively the "Group") include a wide range of financial services, including retail, commercial, investment banking, private banking, takaful and real estate development.

Ithmaar's activities are regulated by the CBB and are subject to the supervision of Shari'a Supervisory Board.

Ithmaar's shares are listed on the Bahrain Bourse and Dubai Financial Market.

The Group's activities also include acting as a Mudarib (manager, on a trustee basis), of funds deposited for investment in accordance with Islamic laws and principles particularly with regard to the prohibition of receiving or paying interest. These funds are included in the interim condensed consolidated financial information as equity of unrestricted investment accountholders and restricted investment accounts. In respect of equity of unrestricted investment accountholders, the investment accountholders authorise the Group to invest the accountholders' funds in a manner which the Group deems appropriate without laying down any restrictions as to where, how and for what purpose the funds should be invested. In respect of restricted investment accounts, the investment accountholders impose certain restrictions as to where, how and for what purpose the funds are to be invested. Further, the Group may be restricted from commingling its own funds with the funds of restricted investment accounts.

The Group carries out its business activities through its head office and its following principal subsidiaries:

	% owned		Country of Incorporation	Principal business activity
	30 June 2022	31 December 2021		
<u>Direct subsidiaries</u>				
Ithmaar Bank B.S.C. (C)	100	100	Kingdom of Bahrain	Banking
IB Capital B.S.C. (C)	100	100	Kingdom of Bahrain	Asset management
Faisal Private Bureau (Switzerland) S.A.	100	100	Switzerland	Wealth and asset management
Shamil Financial (Luxembourg) S.A.	100	100	Luxembourg	Investment holding
<u>Principal indirect subsidiaries</u>				
Faysal Bank Limited	67	67	Pakistan	Banking
Solidarity Group Holding B.S.C. (C) (note 18)	56	56	Kingdom of Bahrain	Takaful
Ithmaar Development Company Limited	100	100	Cayman Islands	Real estate
Health Island W.L.L.	50	50	Kingdom of Bahrain	Real estate
Dilmunia Development Fund I L.P.	92	92	Cayman Islands	Real estate
City View Real Estate Development Co. B.S.C. (C)	51	51	Kingdom of Bahrain	Real estate

Islamic Investment Company of the Gulf (Bahamas) Limited (IICG), a company incorporated in the Commonwealth of Bahamas and owned 100% by DMIT, is an affiliate of Ithmaar.

- 1.1 As of 30 June 2022, the total consolidated equity of the Group stood at \$6 million as compared to \$37.8 million as at 31 December 2021. The current equity is still above the minimum threshold required for Category 1 investment firm license. The Board of Directors of Ithmaar is working on various initiatives to strengthen the Group's consolidated equity and solvency.

On 17 March 2022, the Board of Directors summoned an Extraordinary General Meeting of the shareholders as per Article 64(7) of the Group articles of association. The Board has recommended measures such as setting off the accumulated losses against the share capital. However, this will be contemplated after the completion of the transaction with Al Salam Bank and will be presented to the shareholders for their consideration and approval subject to the approvals of the competent authorities.

The Group's management assessed its liquidity and equity projections of the entity subsequent to the transaction with Al Salam Bank B.S.C. for the coming twelve months from the date of the interim condensed consolidated financial information. The management's assessment includes following assumptions:

- No change in status of sanctioned liabilities and accordingly no repayments
- Conclusion of transaction with Al Salam on 7 July 2022
- Stressing the expected outflows of the liabilities.
- Stressing the expected inflows from assets.
- Ability to maintain core deposits through increased focus on corporate customers as part of the new business model of the remaining entity (evidenced by actual cash flows till the reporting date).
- Reduction in operation expenses resulting from a leaner remaining entity post transaction with Al Salam
- Increased availability of liquid assets in the form of interbank liquidity support facility; and
- Use of ALCO approved rollover/ renewal related behavioural patterns of liabilities similar to previous quarter due to unchanged characteristics of corporate customers

The Board of Directors has reviewed the above projections and believe that the Group will be able to continue its business without any significant curtailment of operations and meet its obligations for a period of at least one year from the date of issue of this consolidated financial statements. Accordingly, the interim condensed consolidated financial information is prepared on a going concern basis.

## **2 SIGNIFICANT GROUP ACCOUNTING POLICIES**

### **Basis of preparation**

The interim condensed consolidated financial information has been prepared using accounting policies consistent with those adopted by the Group in its consolidated financial statements for the year ended 31 December 2021, which were prepared in accordance with the Financial Accounting Standards issued by the Accounting and Auditing Organisation for Islamic Financial Institutions (AAOIFI), the Shari'a rules and principles as determined by the Shari'a Supervisory Board of the Bank, the Bahrain Commercial Companies Law, Central Bank of Bahrain (CBB) and the Financial Institutional Law. In accordance with the requirement of AAOIFI, for matters where no AAOIFI standards exist, the Group uses the relevant International Financial Reporting Standards (IFRS).

In line with the requirements of AAOIFI and the CBB rule book, for matters not covered under AAOIFI standards the Group uses guidance from the relevant International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB"). Accordingly, the interim condensed consolidated financial information of the Group has been presented in condensed form in accordance with the guidance provided by International Accounting Standard 34 – 'Interim Financial Reporting'.

The accounting policies used in the preparation of annual audited consolidated financial statements of the Group for the years ended 31 December 2021 and 31 December 2020 were in accordance with FAS as modified by CBB (refer to the Group's audited financial statements for the year ended 31 December 2021 for the details of the COVID-19 related modifications applied). Since the CBB modification was specific to the financial year 2020 and no longer apply to both the current and comparative periods presented, the Group's interim financial information for the six months ended 30 June 2022 has been prepared in accordance with FAS issued by AAOIFI (without any modifications).

The interim condensed consolidated financial information of the Group does not contain all information and disclosures required for the annual audited consolidated financial statements and should be read in conjunction with the Group's annual audited consolidated financial statements for the year ended 31 December 2021. Further, results for the interim periods are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2022.

The Group has certain assets, liabilities and related income and expenses which are not Sharia compliant as these existed before Ithmaar (the parent) converted to an Islamic retail bank in April 2010. These are currently presented in accordance with AAOIFI standards in the interim condensed consolidated financial information for the six month period ended 30 June 2022 as appropriate.

The Sharia Supervisory Board has approved the Sharia Compliance Plan ("Plan") for conversion of assets and liabilities which are not Sharia Compliant. The Sharia Supervisory Board is monitoring the implementation of this Plan.

Except for the modification and the new standards, the accounting policies and methods of computation applied by the Group in the preparation of the interim condensed consolidated financial information are the same as those used in the preparation of the Group audited consolidated financial statements as at and for the year ended 31 December 2021, except for adoption of following standards and amendments to standards effective from 1 January 2022. Adoption of these standards and amendments did not result in changes to previously reported net profit or equity of the Group, however it has resulted in additional disclosures.

## **2 SIGNIFICANT GROUP ACCOUNTING POLICIES (continued)**

### **A. New standards, amendments, and interpretations issued and effective for annual periods beginning on or after 1 January 2022**

#### **(i) FAS 38 Wa'ad, Khiyar and Tahawwut**

AAOIFI has issued FAS 38 Wa'ad, Khiyar and Tahawwut in 2020. The objective of this standard is to prescribe the accounting and reporting principles for recognition, measurement and disclosures in relation to shariah compliant Wa'ad (promise), Khiyar (option) and Tahawwut (hedging) arrangements for Islamic financial institutions. This standard is effective for the financial reporting periods beginning on or after 1 January 2022.

This standard classifies Wa'ad and Khiyar arrangements into two categories as follows:

- a) "ancillary Wa'ad or Khiyar" which is related to a structure of transaction carried out using other products i.e. Murabaha, Ijarah Muntahia Bittamleek, etc.; and
- b) "product Wa'ad and Khiyar" which is used as a stand-alone Shariah compliant arrangement.

Further, the standard prescribes accounting for constructive obligations and constructive rights arising from the stand-alone Wa'ad and Khiyar products.

The Group does not have any significant impact on adoption of this standard.

### **B. New standards, amendments, and interpretations issued but not yet effective**

#### **(i) FAS 39 Financial Reporting for Zakah**

AAOIFI has issued FAS 39 Financial Reporting for Zakah in 2021. The objective of this standard is to establish principles of financial reporting related to Zakah attributable to different stakeholders of an Islamic financial Institution. This standard supersedes FAS 9 Zakah and is effective for the financial reporting periods beginning on or after 1 January 2023 with an option to early adopt.

This standard shall apply to institution with regard to the recognition, presentation and disclosure of Zakah attributable to relevant stakeholders. While computation of Zakah shall be applicable individually to each institution within the Group, this standard shall be applicable on all consolidated and separate / standalone financial statements of an institution.

This standard does not prescribe the method for determining the Zakah base and measuring Zakah due for a period. An institution shall refer to relevant authoritative guidance for determination of Zakah base and to measure Zakah due for the period.

The Group is currently evaluating and assessing the impact of adopting this standard.

#### **(ii) FAS 1 General Presentation and Disclosures in the Financial Statements**

AAOIFI has issued the revised FAS 1 General Presentation and Disclosures in the Financial Statements in 2021. This standard describes and improves the overall presentation and disclosure requirements prescribed in line with the global best practices and supersedes the earlier FAS 1. It is applicable to all the Islamic Financial Institutions and other institutions following AAOIFI FAS's. This standard is effective for the financial reporting periods beginning on or after 1 January 2023 with an option to early adopt.

Some of the significant revisions to the standard are as follows:

- a) Revised conceptual framework is now integral part of the AAOIFI FAS's;
- b) Definition of Quassi equity is introduced;
- c) Definitions have been modified and improved;
- d) Concept of comprehensive income has been introduced;
- e) Institutions other than Banking institutions are allowed to classify assets and liabilities as current and non-current;
- f) Disclosure of Zakah and Charity have been relocated to the notes;
- g) True and fair override has been introduced;
- h) Treatment for change in accounting policies, change in estimates and correction of errors has been introduced;
- i) Disclosures of related parties, subsequent events and going concern have been improved;
- j) Improvement in reporting for foreign currency, segment reporting;
- k) Presentation and disclosure requirements have been divided into three parts. First part is applicable to all institutions, second part is applicable only to banks and similar IFI's and third part prescribes the authoritative status, effective date an amendments to other AAOIFI FAS's; and
- l) The illustrative financial statements are not part of this standard and will be issued separately.

The Group is assessing the impact of adoption of this standard and expects changes in certain presentation and disclosures in its consolidated financial statements.

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**3 CASH AND BALANCES WITH BANKS AND CENTRAL BANKS**

	30 June 2022			31 December 2021		
	Relating to owners	Relating to unrestricted investment accounts	Total	Relating to owners	Relating to unrestricted investment accounts	Total
Cash reserve with central banks	82,113	23,525	105,638	92,402	18,010	110,412
Cash and balances with banks and central banks	275,013	259,527	534,540	248,250	186,454	434,704
	<b>357,126</b>	<b>283,052</b>	<b>640,178</b>	<b>340,652</b>	<b>204,464</b>	<b>545,116</b>

**4 COMMODITY AND OTHER PLACEMENTS WITH BANKS, FINANCIAL AND OTHER INSTITUTIONS**

	30 June 2022			31 December 2021		
	Relating to owners	Relating to unrestricted investment accounts	Total	Relating to owners	Relating to unrestricted investment accounts	Total
Commodity placements	64,893	-	64,893	249,700	-	249,700
Less: expected credit loss	(112)	-	(112)	(131)	-	(131)
	<b>64,781</b>	<b>-</b>	<b>64,781</b>	<b>249,569</b>	<b>-</b>	<b>249,569</b>

Cash and cash equivalents for the purpose of interim condensed consolidated statements of cash flows are as follows:

	30 June 2022			30 June 2021		
	Relating to owners	Relating to unrestricted investment accounts	Total	Relating to owners	Relating to unrestricted investment accounts	Total
Cash and balances with banks and central banks (note 3)	357,126	283,052	640,178	389,889	189,292	579,181
Commodity and other placements with banks, financial and other institutions - net	64,781	-	64,781	389,998	60,727	450,725
Add: classified to Assets classified as held for sale	192,738	-	192,738	-	-	-
Less: Placements with original maturing after ninety days	(80,807)	-	(80,807)	(56,520)	(13,384)	(69,904)
Less: Balances with central banks relating to minimum reserve requirement (note 3)	(82,113)	(23,525)	(105,638)	(99,090)	(11,541)	(110,631)
	<b>451,725</b>	<b>259,527</b>	<b>711,252</b>	<b>624,277</b>	<b>225,094</b>	<b>849,371</b>

**Ithmaar Holding B.S.C.**  
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**5 MURABAHA AND OTHER FINANCINGS**

	30 June 2022			31 December 2021		
	Relating to owners	Relating to unrestricted investment accounts	Total	Relating to owners	Relating to unrestricted investment accounts	Total
Murabaha and other financings	665,143	978,526	1,643,669	760,241	1,788,170	2,548,411
Less: expected credit loss	(271,290)	(37,137)	(308,427)	(289,193)	(68,244)	(357,437)
	<b>393,853</b>	<b>941,389</b>	<b>1,335,242</b>	<b>471,048</b>	<b>1,719,926</b>	<b>2,190,974</b>

The movement in expected credit loss is as follows:

	30 June 2022			31 December 2021		
	Relating to owners	Relating to unrestricted investment accounts	Total	Relating to owners	Relating to unrestricted investment accounts	Total
At 1 January	289,193	68,244	357,437	314,205	47,340	361,545
Charge for the period/year	16,188	526	16,714	31,053	23,076	54,129
Write back during the period/year	(16,157)	(629)	(16,786)	(29,981)	(529)	(30,510)
Utilised during the period/year	(4,029)	(151)	(4,180)	(14,880)	(667)	(15,547)
Reclassification to assets classified as held for sale (note 18)	-	(29,133)	(29,133)	-	-	-
Reclassification	-	-	-	(319)	-	(319)
Exchange differences and other movements	(13,905)	(1,720)	(15,625)	(10,885)	(976)	(11,861)
	<b>271,290</b>	<b>37,137</b>	<b>308,427</b>	<b>289,193</b>	<b>68,244</b>	<b>357,437</b>

**6 MUSHARAKA FINANCING**

	30 June 2022			31 December 2021		
	Relating to owners	Relating to unrestricted investment accounts	Total	Relating to owners	Relating to unrestricted investment accounts	Total
Musharaka financing	4,080	1,562,070	1,566,150	115	1,439,478	1,439,593
Less: expected credit loss	-	(17,143)	(17,143)	-	(13,850)	(13,850)
	<b>4,080</b>	<b>1,544,927</b>	<b>1,549,007</b>	<b>115</b>	<b>1,425,628</b>	<b>1,425,743</b>

**Ithmaar Holding B.S.C.**  
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**7 SUKUK AND INVESTMENT SECURITIES**

	30 June 2022			31 December 2021		
	Relating to owners	Relating to unrestricted investment accounts	Total	Relating to owners	Relating to unrestricted investment accounts	Total
<b>Investment securities at fair value through income statement</b>						
Debt-type instruments – listed	431	-	431	174	-	174
Debt-type instruments – unlisted	422	-	422	66,022	-	66,022
Equity-type securities – listed	3,968	-	3,968	4,916	-	4,916
	<b>4,821</b>	<b>-</b>	<b>4,821</b>	<b>71,112</b>	<b>-</b>	<b>71,112</b>
<b>Investment securities at fair value through equity</b>						
Debt-type instruments – listed	84,525	77,040	161,565	187,535	90,153	277,688
Debt-type instruments – unlisted	443,236	1,157,189	1,600,425	760,857	846,482	1,607,339
Equity-type securities – listed	76,477	489	76,966	82,482	567	83,049
Equity-type securities – unlisted	251,864	-	251,864	293,924	-	293,924
	856,102	1,234,718	2,090,820	1,324,798	937,202	2,262,000
Less: expected credit loss	(209,835)	-	(209,835)	(209,541)	-	(209,541)
	<b>646,267</b>	<b>1,234,718</b>	<b>1,880,985</b>	<b>1,115,257</b>	<b>937,202</b>	<b>2,052,459</b>
<b>Investment securities carried at amortised cost</b>						
Other debt-type instruments – listed	-	-	-	43,788	313,329	357,117
Other debt-type instruments – unlisted	9,150	44,132	53,282	10,424	42,259	52,683
	9,150	44,132	53,282	54,212	355,588	409,800
Less: expected credit loss	(7,439)	(64)	(7,503)	(8,629)	-	(8,629)
	<b>1,711</b>	<b>44,068</b>	<b>45,779</b>	<b>45,583</b>	<b>355,588</b>	<b>401,171</b>
	<b>652,799</b>	<b>1,278,786</b>	<b>1,931,585</b>	<b>1,231,952</b>	<b>1,292,790</b>	<b>2,524,742</b>



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**7 SUKUK AND INVESTMENT SECURITIES (continued)**

A hierarchy of valuation techniques based on whether the inputs to those valuation techniques are observable or unobservable. Observable inputs reflect market data obtained from independent sources; unobservable inputs reflect the Group's market assumptions. These two types of inputs have created the following fair value hierarchy:

Level 1 – Quoted prices (unadjusted) in active markets for identical investments.

Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the investments, either directly (that is, as prices) or indirectly (that is, derived from prices).

Level 3 – Inputs for the investments that are not based on observable market data (unobservable inputs).

This hierarchy requires the use of observable market data when available. The Group considers relevant and observable market prices in its valuations where possible.

**Investments measured at fair value**

	Level 1	Level 2	Level 3	Total
<b>At 30 June 2022</b>				
<b>Investment securities at fair value through income statement</b>				
Debt-type instruments	-	853	-	853
Equity-type securities	3,968	-	-	3,968
<b>Investment securities at fair value through equity</b>				
Debt-type instruments – listed	152,313	-	-	152,313
Debt-type instruments – unlisted	-	1,599,856	-	1,599,856
Equity-type securities	71,217	12,690	44,909	128,816
	<b>227,498</b>	<b>1,613,399</b>	<b>44,909</b>	<b>1,885,806</b>
<b>At 31 December 2021</b>				
<b>Investment securities at fair value through income statement</b>				
Debt-type instruments	174	66,022	-	66,196
Equity-type securities	4,916	-	-	4,916
<b>Investment securities at fair value through equity</b>				
Debt-type instruments – listed	277,147	-	-	277,147
Debt-type instruments – unlisted	-	1,606,581	-	1,606,581
Equity-type securities	74,528	10,400	83,803	168,731
	<b>356,765</b>	<b>1,683,003</b>	<b>83,803</b>	<b>2,123,571</b>

**Reconciliation of Level 3 Items**

	<b>Investment securities at fair value through equity</b>	
	<b>30 June 2022</b>	<b>31 December 2021</b>
<b>Opening balance</b>	<b>83,803</b>	<b>72,248</b>
Total losses recognised in		
- Income statement	(3,126)	(5,963)
- Equity	(1,907)	(1,191)
Purchases	3,140	6,011
Other movement	-	12,698
Reclassification	(37,001)	-
<b>Closing balance</b>	<b>44,909</b>	<b>83,803</b>

**Ithmaar Holding B.S.C.**  
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**8 INVESTMENT IN ASSOCIATES**

Investment in associated entities, as adjusted for the Group's share of their results comprise:

Name of entity	30 June 2022	% of Share- holding	31 December 2021	% of Share- holding	Country	Activity
<b>Unlisted:</b>						
Citic International Assets Management Limited	26,077	20	29,253	20	Hong Kong	Asset management
Naseej B.S.C. (c)	72,429	31	72,564	31	Bahrain	Infrastructure
Health 360 Ancillary Services W.L.L.	-		490	20	Bahrain	Third party administratc
Faysal Saving Growth Fund	3,298	28	6,105	35	Pakistan	Mutual funds
Faysal Asset Allocation Fund	-		411	23	Pakistan	Mutual funds
Faysal Islamic Stock Fund*	502	20	-	0	Pakistan	Mutual funds
<b>Listed:</b>						
Bank of Bahrain and Kuwait B.S.C. (note 18)	-		568,110	26	Bahrain	Banking
	<b>102,306</b>		<b>676,933</b>			

\*During the period, the Group's subsidiary increased its shareholding in these funds, thereby classifying them as associates.

Summarised financial position/performance of associates that have been equity accounted:

	30 June 2022	31 December 2021
Total assets	424,598	10,169,973
Total liabilities	44,139	8,352,352
Total revenues	7,586	328,722
Total net profit	4,498	150,311

In case of associates where audited/reviewed financial statements are not available, the Group's share of results is arrived at by using the latest available financial information.

**Ithmaar Holding B.S.C.****Notes to interim condensed consolidated financial information  
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**9 OTHER ASSETS**

	30 June 2022			31 December 2021		
	Relating to owners	Relating to unrestricted investment accounts	Total	Relating to owners	Relating to unrestricted investment accounts	Total
Accounts receivable	138,845	69,301	208,146	141,385	83,925	225,310
Due from related parties (note 13)	604	-	604	684	-	684
Taxes – deferred	-	9,653	9,653	9,326	1,164	10,490
Taxes – current	15,908	-	15,908	525	-	525
Non-current assets held for sale	23,623	4,887	28,510	23,623	-	23,623
	178,980	83,841	262,821	175,543	85,089	260,632
Less: expected credit loss	(71,276)	(5,993)	(77,269)	(67,904)	(12,104)	(80,008)
	<b>107,704</b>	<b>77,848</b>	<b>185,552</b>	<b>107,639</b>	<b>72,985</b>	<b>180,624</b>

**10 PROVISION FOR IMPAIRMENT**

	30 June 2022			31 December 2021		
	Relating to owners	Relating to unrestricted investment accounts	Total	Relating to owners	Relating to unrestricted investment accounts	Total
At 1 January	736,468	94,198	830,666	830,116	69,886	900,002
Charge for the period/year	24,182	4,218	28,400	46,210	32,954	79,164
Write back during the period/year	(17,538)	(1,676)	(19,214)	(73,618)	(5,678)	(79,296)
Utilised during the period/year	(4,028)	(152)	(4,180)	(47,010)	(667)	(47,677)
Exchange differences	(18,043)	(4,160)	(22,203)	(19,230)	(2,297)	(21,527)
	<b>721,041</b>	<b>92,428</b>	<b>813,469</b>	<b>736,468</b>	<b>94,198</b>	<b>830,666</b>

During the six month period ended 30 June 2022, the Group has recorded a net provision for impairment amounting to \$9.2 million (30 June 2021 \$5.1 million).

**Ithmaar Holding B.S.C.**

**Notes to interim condensed consolidated financial information**

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**10 PROVISION FOR IMPAIRMENT (continued)**

The following table sets out information about the credit quality of financings and receivables including assets classified as held for sale. Unless specifically indicated, for financial assets, the amounts in the table represent gross carrying amounts.

**30 June 2022**

	Stage 1	Stage 2	Stage 3	Total
<b>Commodity and other placements with banks, financial and other institutions</b>				
Gross exposure	235,162	-	-	235,162
Less: expected credit loss	(112)	-	-	(112)
<b>Net exposure</b>	<b>235,050</b>	<b>-</b>	<b>-</b>	<b>235,050</b>
<b>Murabaha and other financings</b>				
Gross exposure	1,516,899	563,713	392,608	2,473,220
Less: expected credit loss	(24,978)	(79,618)	(232,964)	(337,560)
<b>Net exposure</b>	<b>1,491,921</b>	<b>484,095</b>	<b>159,644</b>	<b>2,135,660</b>
<b>Musharaka financing</b>				
Gross exposure	1,431,886	124,360	9,904	1,566,150
Less: expected credit loss	(4,223)	(7,680)	(5,240)	(17,143)
<b>Net exposure</b>	<b>1,427,663</b>	<b>116,680</b>	<b>4,664</b>	<b>1,549,007</b>
<b>Assets acquired for leasing (including Ijara receivables)</b>				
Gross exposure	431,519	3,268	907	435,694
Less: expected credit loss	(1,558)	(52)	(907)	(2,517)
<b>Net exposure</b>	<b>429,961</b>	<b>3,216</b>	<b>-</b>	<b>433,177</b>
<b>Other assets</b>				
Gross exposure	216,959	35,844	63,032	315,835
Less: expected credit loss	(17,427)	(232)	(63,032)	(80,691)
<b>Net exposure</b>	<b>199,532</b>	<b>35,612</b>	<b>-</b>	<b>235,144</b>
<b>Total Gross exposure</b>	<b>3,832,425</b>	<b>727,185</b>	<b>466,451</b>	<b>5,026,061</b>
<b>Less: Total expected credit loss</b>	<b>(48,298)</b>	<b>(87,582)</b>	<b>(302,143)</b>	<b>(438,023)</b>
<b>Total Net exposure</b>	<b>3,784,127</b>	<b>639,603</b>	<b>164,308</b>	<b>4,588,038</b>

**31 December 2021**

<b>Commodity and other placements with banks, financial and other institutions</b>				
Gross exposure	249,701	-	-	249,701
Less: expected credit loss	(132)	-	-	(132)
<b>Net exposure</b>	<b>249,569</b>	<b>-</b>	<b>-</b>	<b>249,569</b>
<b>Murabaha and other financings</b>				
Gross exposure	1,412,594	707,515	428,302	2,548,411
Less: expected credit loss	(28,264)	(78,574)	(250,599)	(357,437)
<b>Net exposure</b>	<b>1,384,330</b>	<b>628,941</b>	<b>177,703</b>	<b>2,190,974</b>
<b>Musharaka financing</b>				
Gross exposure	1,383,344	46,760	9,489	1,439,593
Less: expected credit loss	(5,984)	(4,071)	(3,795)	(13,850)
<b>Net exposure</b>	<b>1,377,360</b>	<b>42,689</b>	<b>5,694</b>	<b>1,425,743</b>
<b>Assets acquired for leasing (including Ijara receivables)</b>				
Gross exposure	437,066	2,921	867	440,854
Less: expected credit loss	(1,621)	(28)	(867)	(2,516)
<b>Net exposure</b>	<b>435,445</b>	<b>2,893</b>	<b>-</b>	<b>438,338</b>
<b>Other assets</b>				
Gross exposure	138,422	11,119	62,057	211,598
Less: expected credit loss	(15,268)	(167)	(62,057)	(77,492)
<b>Net exposure</b>	<b>123,154</b>	<b>10,952</b>	<b>-</b>	<b>134,106</b>
<b>Total Gross exposure</b>	<b>3,621,127</b>	<b>768,315</b>	<b>500,715</b>	<b>4,890,157</b>
<b>Less: Total expected credit loss</b>	<b>(51,269)</b>	<b>(82,840)</b>	<b>(317,318)</b>	<b>(451,427)</b>
<b>Total Net exposure</b>	<b>3,569,858</b>	<b>685,475</b>	<b>183,397</b>	<b>4,438,730</b>

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**11 EQUITY OF UNRESTRICTED INVESTMENT ACCOUNTHOLDERS**

The funds received from Unrestricted Investment Accountholders (URIA) are invested on their behalf without recourse to the Group as follows:

	<b>30 June 2022</b>	<b>31 December 2021</b>
Cash and balances with banks and central banks	283,052	204,464
Commodity and other placements with banks, financial and other institutions		-
Murabaha and other financings	941,389	1,719,926
Musharaka financing	1,544,927	1,425,628
Sukuk and investment securities	1,278,786	1,292,790
Assets acquired for leasing	2,278	390,898
Other assets	77,848	72,985
Fixed assets	48,565	56,897
Due from the Owners (net)	1,012,320	532,697
Assets classified as held for sale	1,419,626	-
	<b>6,608,791</b>	<b>5,696,285</b>
Customers' current accounts	(1,370,448)	(1,279,085)
Due to banks, financial and other institutions	(528,263)	(481,238)
Other liabilities	(217,444)	(184,265)
Equity of unrestricted investment accountholders directly associated with assets classified as held for sale	(2,022,902)	-
Equity of unrestricted investment accountholders	<b>2,469,734</b>	<b>3,751,697</b>

**12 SHARE CAPITAL**

	<b>Number of shares (thousands)</b>	<b>Share capital</b>
Authorised	8,000,000	2,000,000
<b>Issued and fully paid</b>		
Total outstanding as at 1 January 2022	3,030,755	757,690
Treasury shares	(120,595)	(30,149)
<b>At 30 June 2022 (Reviewed)</b>	<b>2,910,160</b>	<b>727,541</b>
<b>Issued and fully paid</b>		
Total outstanding as at 1 January 2021	3,030,755	757,690
Treasury shares	(120,595)	(30,149)
<b>At 31 December 2021 (Audited)</b>	<b>2,910,160</b>	<b>727,541</b>

Ithmaar's total issued and fully paid share capital at 30 June 2022 comprises 3,030,755,027 shares at \$0.25 per share amounting to \$757,690 thousands. The share capital of Ithmaar is denominated in United States dollars and these shares are listed on Bahrain Bourse in United States dollars and Dubai Financial Market in Arab Emirates Dirham.

Ithmaar owned 120,595,238 (31 December 2021: 120,595,238) of its own shares at 30 June 2022. The shares are held as treasury shares and Ithmaar has the right to reissue these shares at a later date.

**Ithmaar Holding B.S.C.****Notes to interim condensed consolidated financial information  
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(Expressed in thousands of United States Dollars unless otherwise stated)

**13 RELATED PARTY TRANSACTIONS AND BALANCES**

Parties are considered to be related if one party has the ability to control the other party or to exercise significant influence or joint control over the other party in making financial and operating decisions.

- (a) Directors and companies in which they have an ownership interest.
- (b) Major shareholders of Ithmaar, Ultimate Parent and companies in which Ultimate Parent has ownership interest and subsidiaries of such companies (affiliates).
- (c) Associated companies of Ithmaar.
- (d) Senior management.

A related party transaction is a transfer of resources, services, or obligations between related parties, regardless of whether a price is charged.

Significant balances with related parties comprise:

	<b>30 June 2022</b>				
	<b>Shareholders &amp; Affiliates</b>	<b>Associates and other investments</b>	<b>Directors and related entities</b>	<b>Senior management</b>	<b>Total</b>
<b>Assets</b>					
Murabaha and other financings	386,458	-	-	-	386,458
Investment in associates	-	102,306	-	-	102,306
Other assets	-	-	-	604	604
Assets classified as held for sale	13,044	546,177	-	-	559,221
<b>Liabilities</b>					
Customers' current accounts	10,767	1,326	-	397	12,490
Due to banks, financial and other institutions	44,719	10,225	-	-	54,944
Equity of unrestricted investment accounts	-	-	-	4,922	4,922
Other liabilities	157	-	-	-	157
<b>Income</b>					
Return to unrestricted investment accounts	(16)	-	-	(37)	(53)
Income from murabaha and other financings	1,883	-	-	-	1,883
Share of results after tax from associates	-	1,433	-	-	1,433
Profit paid to banks, financial and other institutions – net	-	(216)	-	-	(216)
<b>Expenses</b>					
Administrative and general expenses	(400)	-	(25)	-	(425)

**Ithmaar Holding B.S.C.****Notes to interim condensed consolidated financial information  
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(Expressed in thousands of United States Dollars unless otherwise stated)

**13 RELATED PARTY TRANSACTIONS AND BALANCES (continued)**

	<b>31 December 2021</b>				
	<b>Shareholders &amp; Affiliates</b>	<b>Associates and other investments</b>	<b>Directors and related entities</b>	<b>Senior management</b>	<b>Total</b>
<b>Assets</b>					
Murabaha and other financings	379,661	-	-	-	379,661
Investment in associates	-	676,933	-	-	676,933
Sukuk and investment securities	13,310	-	-	-	13,310
Other assets	-	-	-	684	684
<b>Liabilities</b>					
Customers' current accounts	21,583	7,047	-	980	29,610
Due to banks, financial and other institutions	25,159	5,200	-	-	30,359
Equity of unrestricted investment accounts	-	-	-	5,019	5,019
Other liabilities	13	-	-	-	13
<b>30 June 2022</b>					
<b>Income</b>					
Return to unrestricted investment accounts	(48)	-	-	(82)	(130)
Income from murabaha and other financings	1,947	-	-	-	1,947
Share of results after tax from associates	-	(2,421)	-	-	(2,421)
Profit paid to banks, financial and other institutions – net	-	(156)	-	-	(156)
<b>Expenses</b>					
Administrative and general expenses	(400)	-	(25)	-	(425)

**Ithmaar Holding B.S.C.**  
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**14 DIVIDEND**

No dividend was declared for 2021 and 2020.

**15 BASIC AND DILUTED EARNINGS/(LOSSES) PER SHARE**

Earnings/(losses) per share are calculated by dividing the net income/(loss) attributable to shareholders by the weighted average number of issued and fully paid up ordinary shares during the period.

	Six month period ended		Three month period ended	
	30 June 2022	30 June 2021	30 June 2022	30 June 2021
Net income/(loss) attributable to shareholders (\$'000)	9,077	4,006	7,939	(4,855)
Weighted average number of issued and fully paid up ordinary shares ('000) (note 12)	2,910,160	2,910,160	2,910,160	2,910,160
<b>Earnings/(losses) per share (Basic &amp; Diluted) – US Cents</b>	<b>0.31</b>	<b>0.14</b>	<b>0.27</b>	<b>(0.17)</b>

**BASIC AND DILUTED EARNINGS/(LOSSES) PER SHARE FOR CONTINUING OPERATIONS**

	Six month period ended		Three month period ended	
	30 June 2022	30 June 2021	30 June 2022	30 June 2021
Net income/(loss) attributable to shareholders (\$'000)	2,701	(12,228)	6,076	(13,650)
Weighted average number of issued and fully paid up ordinary shares ('000) (note 12)	2,910,160	2,910,160	2,910,160	2,910,160
<b>Earnings/(losses) per share (Basic &amp; Diluted) – US Cents</b>	<b>0.09</b>	<b>(0.42)</b>	<b>0.21</b>	<b>(0.47)</b>

**BASIC AND DILUTED EARNINGS PER SHARE FOR DISCONTINUED OPERATIONS**

	Six month period ended		Three month period ended	
	30 June 2022	30 June 2021	30 June 2022	30 June 2021
Net income attributable to shareholders (\$'000)	6,376	16,234	1,863	8,795
Weighted average number of issued and fully paid up ordinary shares ('000) (note 12)	2,910,160	2,910,160	2,910,160	2,910,160
<b>Earnings per share (Basic &amp; Diluted) – US Cents</b>	<b>0.22</b>	<b>0.56</b>	<b>0.06</b>	<b>0.30</b>

**16 CONTINGENT LIABILITIES AND COMMITMENTS**

**Contingent liabilities**

	30 June 2022	31 December 2021
Acceptances and endorsements	39,837	47,295
Guarantees and irrevocable letters of credit	617,168	693,242
Customer and other claims	155,056	190,174
	<b>812,061</b>	<b>930,711</b>

**Commitments**

	30 June 2022	31 December 2021
Undrawn facilities, financing lines and other commitments to finance	<b>1,383,655</b>	<b>1,550,227</b>



**Ithmaar Holding B.S.C.**  
**Notes to interim condensed consolidated financial information**  
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**17 SEGMENTAL INFORMATION**

The Group constitutes of three main business segments, namely;

- (i) Retail/ Commercial banking business, in which the Group receives customer funds and deposits and extends financing to its retail and corporate clients.
- (ii) Asset Management/Investment Banking, in which the Group directly participates in investment opportunities.

	30 June 2022				30 June 2021			
	Retail & Corporate	Asset Management / Investment			Retail & Corporate	Asset Management / Investment		
	banking	Banking	Others	Total	banking	Banking	Others	Total
Operating income/(loss)	102,941	26,844	(119)	129,666	97,519	1,098	437	99,054
Total expenses	(80,206)	(10,505)	(102)	(90,813)	(81,067)	(13,239)	(123)	(94,429)
Net income/(loss) before provision and overseas taxation	22,735	16,339	(221)	38,853	16,452	(12,141)	314	4,625
Provision and overseas taxation - net	(24,733)	(5,335)	(15)	(30,083)	(7,162)	(1,153)	(17)	(8,332)
<b>Net income/(loss) from continuing operations</b>	<b>(1,998)</b>	<b>11,004</b>	<b>(236)</b>	<b>8,770</b>	<b>9,290</b>	<b>(13,294)</b>	<b>297</b>	<b>(3,707)</b>
Net results for the period from discontinued operations	(912)	5,446	4,828	9,362	13,585	-	3,083	16,668
<b>Net income/(loss) for the period</b>	<b>(2,910)</b>	<b>16,450</b>	<b>4,592</b>	<b>18,132</b>	<b>22,875</b>	<b>(13,294)</b>	<b>3,380</b>	<b>12,961</b>
<b>Attributable to:</b>								
Equity holders of Ithmaar	(9,787)	17,222	1,642	9,077	14,123	(11,483)	1,366	4,006
Non-controlling interest	6,877	(772)	2,950	9,055	8,752	(1,811)	2,014	8,955
	<b>(2,910)</b>	<b>16,450</b>	<b>4,592</b>	<b>18,132</b>	<b>22,875</b>	<b>(13,294)</b>	<b>3,380</b>	<b>12,961</b>
								<b>31 December 2021</b>
Total assets	7,042,644	1,317,165	604,806	8,964,615	7,630,642	1,037,807	364,340	9,032,789
Total liabilities and equity of unrestricted investment account holders	7,451,202	931,262	326,325	8,708,789	8,484,557	49,398	186,620	8,720,575

**Ithmaar Holding B.S.C.**  
**Notes to interim condensed consolidated financial information**  
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**18 ASSETS CLASSIFIED AS HELD-FOR-SALE**

During January 2022, Ithmaar Holding agreed in-principle with Al Salam Bank B.S.C. (Al Salam) of the acquisition of the consumer banking business of Ithmaar Bank, and Ithmaar Holdings' ownership stake in both Bank of Bahrain and Kuwait B.S.C, and Solidarity Group Holding. This announcement followed the execution of a non-legally binding Memorandum of Understanding (MoU) between the two entities in October 2021. The transaction was approved by Ithmaar Holding's shareholders during its Extraordinary General Meeting on 17 March 2022. The transaction has been completed subsequent to the reporting period on 7 July 2022 after obtaining requisite regulatory and corporate approvals and signing of definitive agreements.

The transaction was structured as a balanced carve out of agreed assets and liabilities of Ithmaar Holding. The consideration for acquisition of the acquired group of assets will be settled through transfer of certain liabilities and equity of investment account holders of the consumer banking business of Ithmaar Bank BSC (c) of an equivalent value. Accordingly, the following assets and liabilities (the "operations") have been classified as held-for-sale as of 30 June 2022:

**Assets classified as held-for-sale**

Description	Amount
<b>Consumer business</b>	
Cash and balances with banks and central banks	74,570
Murabaha and other financings	787,374
Sukuk and investment securities	185,198
Assets acquired for leasing	378,345
Other assets	77,489
Fixed assets	15,890
Intangible assets	25,002
<b>Total</b>	<b>1,543,868</b>
<b>Takaful business</b>	
Cash and balances with banks	22,469
Commodity and other placements with banks, financial and other institutions	95,699
Murabaha and other financings	13,044
Sukuk and investment securities	102,742
Investment in associates	770
Insurance and related receivables	133,475
Other assets	23,734
Investment in real estate	20,882
Fixed assets	21,027
Intangible assets	19,289
<b>Total</b>	<b>453,131</b>
<b>Investment assets</b>	
Investment in associates	546,177
<b>Total Assets classified as held-for-sale</b>	<b>2,543,176</b>

**Liabilities and equity of investment accountholders directly associated with assets classified as held for sale**

Description	Amount
<b>Consumer business</b>	
Customers' current accounts	83,474
Due to banks, financial and other institutions	38,875
Other liabilities	53,702
<b>Total liabilities - A</b>	<b>176,051</b>
Equity of unrestricted investment accountholders directly associated with assets classified as held for sale	2,022,902
<b>Total</b>	<b>2,198,953</b>
<b>Takaful business</b>	
Due to banks, financial and other institutions	6,500
Other liabilities	73,672
Insurance related reserves	175,505
<b>Total liabilities - B</b>	<b>255,677</b>
<b>Liabilities directly associated with assets classified as held for sale (A+B)</b>	<b>431,728</b>

**Ithmaar Holding B.S.C.**  
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**18 ASSETS CLASSIFIED AS HELD-FOR-SALE (continued)**

The net results of the above operations included in the interim condensed consolidated financial information are as follows:

Description	Six months ended 30 June 2022			Total
	Consumer business	Takaful business	Investment assets	
<b>Total income</b>	<b>13,029</b>	<b>20,601</b>	<b>5,446</b>	<b>39,076</b>
<b>Total expenses</b>	<b>(13,612)</b>	<b>(15,470)</b>	<b>-</b>	<b>(29,082)</b>
	<b>(583)</b>	<b>5,131</b>	<b>5,446</b>	<b>9,994</b>
Provision for impairment - net	(330)	(302)	-	(632)
<b>Net results from discontinued operations</b>	<b>(913)</b>	<b>4,829</b>	<b>5,446</b>	<b>9,362</b>

Description	Six months ended 30 June 2021			Total
	Consumer business	Takaful business	Investment assets	
<b>Total income</b>	<b>8,814</b>	<b>17,122</b>	<b>19,424</b>	<b>45,360</b>
<b>Total expenses</b>	<b>(13,700)</b>	<b>(13,832)</b>	<b>-</b>	<b>(27,532)</b>
	<b>(4,886)</b>	<b>3,290</b>	<b>19,424</b>	<b>17,828</b>
Provision for impairment - net	(954)	(206)	-	(1,160)
<b>Net results from discontinued operations</b>	<b>(5,840)</b>	<b>3,084</b>	<b>19,424</b>	<b>16,668</b>

The comparative period balances in the interim condensed consolidated income statement has been reclassified to include those operations that have been classified as discontinued in the current period presentation.

The net cash flows of the above operations included in Interim condensed consolidated statement of cash flows, are as follows:

Financial lines	30 June 2022	30 June 2021
Net cash from operating activities	15,588	68,650
Net cash used by investing activities	21,634	21,105
<b>Net cash movement</b>	<b>37,222</b>	<b>89,755</b>