

ITHMAAR HOLDING B.S.C.

CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION
31 MARCH 2024

ITHMAAR HOLDING B.S.C.
CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION
FOR THE THREE MONTHS PERIOD ENDED 31 MARCH 2024

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Independent auditors' report on review of condensed consolidated interim financial information

To the Board of Directors of
Ithmaar Holding B.S.C.
Kingdom of Bahrain

Introduction

We have reviewed the accompanying 31 March 2024 condensed consolidated interim financial information of Ithmaar Holding B.S.C. (the "Company") and its subsidiaries (together the "Group"), which comprises:

- the condensed consolidated statement of financial position as at 31 March 2024;
- the condensed consolidated statement of income for the three-month period ended 31 March 2024;
- the condensed consolidated statement of total comprehensive income for the three-month period ended 31 March 2024;
- the condensed consolidated statement of income and attribution related to quasi-equity for the three-month period ended 31 March 2024;
- the condensed consolidated statement of changes in owners' equity for the three-month period ended 31 March 2024;
- the condensed consolidated statement of cash flows for the three-month period ended 31 March 2024;
- the condensed consolidated statement of changes in off-balance sheet assets under management for the three-month period ended 31 March 2024; and
- notes to the condensed consolidated interim financial information.

The Board of Directors of the Company is responsible for the preparation and presentation of this condensed consolidated interim financial information in accordance with FAS 41, "Interim Financial Reporting". Our responsibility is to express a conclusion on this condensed consolidated interim financial information based on our review.

Scope of Review

We conducted our review in accordance with the 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 Auditing standards for Islamic Financial Institutions 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 31 March 2024 condensed consolidated interim financial information is not prepared, in all material respects, in accordance with FAS 41, "Interim Financial Reporting".



Independent auditors' report (Continued)
Ithmaar Holding B.S.C.

Emphasis of Matter – Basis of going concern

We draw attention to Notes 1.1 and 16 to the condensed consolidated interim financial information, which describes significant judgments and assumptions relevant to the Board of Directors assessment of the appropriateness of the going concern assumption for preparation of the condensed consolidated interim financial information. During the current period, the Board of Directors have agreed to an overall framework of terms from a prospective third-party buyer regarding sale of certain assets and liabilities of the Group's corporate banking business and investment assets. Our conclusion is not modified in respect of this matter.

A handwritten signature in blue ink, appearing to read 'KPMG', with a horizontal line underneath the letters.

14 May 2024

Ithmaar Holding B.S.C.

**Condensed consolidated statement of financial position
as at 31 March 2024**

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

	Note	At 31 March 2024 (Reviewed)	At 31 December 2023 (Audited)
ASSETS			
Cash and balances with banks and central banks		54,334	367,962
Commodity placements with banks, financial and other institutions		50,604	12,977
Financing assets	3	369,363	2,606,574
Investment securities	4	103,636	2,323,480
Investment in associates	5	16,228	94,659
Other assets	6	3,107	93,835
Investment in real estate		53,461	243,638
Development properties		-	174,662
Property and equipment		686	169,236
Intangible assets		1,556	17,551
		652,975	6,104,574
Assets classified as held for sale	16	5,939,579	-
Total assets		6,592,554	6,104,574
LIABILITIES			
Customers' current accounts		204,089	1,724,829
Due to banks, financial and other institutions		530,723	1,189,988
Due to investors		-	8,652
Other liabilities		62,742	299,468
		797,554	3,222,937
Liabilities directly associated with assets classified as held for sale	16	2,796,295	-
Total liabilities		3,593,849	3,222,937
QUASI EQUITY			
- Quasi equity		26,529	2,719,498
- Quasi equity directly associated with assets classified as held for sale	8,16	2,820,348	-
Total quasi equity		2,846,877	2,719,498
OWNERS' EQUITY			
Share capital	9	757,690	757,690
Treasury shares	9	(30,149)	(30,149)
Reserves	10	108,569	114,857
Accumulated losses		(831,218)	(838,063)
Total owners' equity		4,892	4,335
Non-controlling interest		(1,562)	157,804
Non-controlling interest classified as held for sale	16	148,498	-
Total equity		151,828	162,139
Total liabilities, quasi equity and total equity		6,592,554	6,104,574

This condensed consolidated interim financial information was approved by the Board of Directors on 14 May 2024 and signed on its behalf by:



HRH Prince Amr Mohammed Al-Faisal
Chairman



Elham Hassan
Director

The accompanying notes 1 to 16 form an integral part of the condensed consolidated interim financial information.

Ithmaar Holding B.S.C.

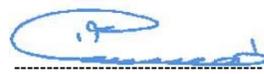
**Condensed consolidated statement of income
for the three months period ended 31 March 2024**

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

	Three months ended		
	Note	31 March 2024	31 March 2023
		(Reviewed)	(Reviewed)
NET RESULTS FROM CONTINUING OPERATIONS			
Income from financing contracts		1,304	1,443
Income from investments		(2,402)	89
Other income/(loss)		2,223	(12,313)
Total income		1,125	(10,781)
Finance expense on placements from financial and non-financial institutions		(1,644)	(475)
Net income		(519)	(11,256)
Operating expenses		(3,179)	(3,078)
Allowances for impairment and expected credit losses, net		-	5,894
Profit/ (loss) from continuing operations		(3,698)	(8,440)
NET RESULTS FROM DISCONTINUED OPERATIONS			
Income from financing contracts		100,892	70,323
Income from investments		126,185	73,142
Other income - net		13,611	9,879
Finance expense on placements from financial and non-financial institutions		(4,173)	(2,010)
Net income from jointly financed assets		236,515	151,334
Share of profit from equity accounted investees		339	1,224
Total income		236,854	152,558
Operating expenses		(41,093)	(33,425)
Depreciation and amortization		(4,041)	(3,990)
Total expenses		(45,134)	(37,415)
Net operating income before impairment allowances and attribution to quasi equity		191,720	115,143
Allowances for impairment and expected credit losses, net		(1,978)	(7,312)
Profit for the period before attribution to quasi equity		189,742	107,831
Less: Net income attributable to quasi-equity		(149,351)	(87,640)
Profit before overseas taxation		40,391	20,191
Tax expense		(20,773)	(9,703)
NET RESULTS FROM DISCONTINUED OPERATIONS		19,618	10,488
PROFIT FOR THE PERIOD		15,920	2,048
Attributable to:			
Equity holders of Ithmaar		6,845	(3,006)
Non-controlling interest		9,075	5,054
		15,920	2,048
Basic and diluted earnings/ (losses)per share	12	US Cts 0.24	US Cts (0.10)
Basic and diluted losses per share - continuing operations	12	US Cts (0.13)	US Cts (0.29)
Basic and diluted losses per share - discontinued operations	12	US Cts 0.36	US Cts 0.19



HRH Prince Amr Mohammed Al-Faisal



Elham Hassan
Director

The accompanying notes 1 to 16 form an integral part of the condensed consolidated interim financial information.

Ithmaar Holding B.S.C.**Condensed consolidated statement of total comprehensive income
for the three months period ended 31 March 2024**

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

	Three months ended	
	31 March 2024	31 March 2023
	(Reviewed)	(Reviewed)
Profit for the period	15,920	2,048
Other comprehensive income		
Items that will not be classified to statement of income		
Fair value changes on land and building	(1,152)	(233)
Attributable to quasi-equity	767	155
Items that may subsequently be classified to income statement		
Exchange difference arising on translation of foreign operations	(2,634)	(61,963)
Fair value changes on investments in real estate	(475)	(231)
Fair value changes on investment in associates	(222)	(1,212)
Fair value changes on investments carried at fair value through OCI	870	(1,238)
Attributable to quasi-equity	(3,305)	44,593
Total other comprehensive income for the year	(6,151)	(20,129)
Total comprehensive income	9,769	(18,081)
Attributable to:		
Equity holders of Ithmaar	557	(3,474)
Non-controlling interest	9,212	(14,607)
	9,769	(18,081)

The accompanying notes 1 to 16 form an integral part of the condensed consolidated interim financial information.

Ithmaar Holding B.S.C.**Condensed consolidated statement of income and attribution related to quasi-equity
for the three months period ended 31 March 2024**

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

	Three months ended	
	31 March 2024	31 March 2023
	(Reviewed)	(Reviewed)
Net operating income before impairment allowances and attribution to quasi equity	327,139	226,358
Adjusted for:		
Less: income not attributable to quasi-equity	(142,019)	(70,708)
Add: expenses not attributable to quasi-equity	48,313	40,493
Less: institution's share of income for its own/ share of investments	2,402	(89)
Less: allowance for impairment allowances attributable to quasi-equity	(1,978)	(7,312)
Total income available for quasi-equity holders	233,857	188,742
Fair value reserve – net movement	-	-
Profit equalization reserve – net movement	-	-
Total income attributable to quasi-equity holders (adjusted for reserves)	233,857	188,742
Less: Mudarib's share	(87,044)	(56,354)
Profit distributable to quasi-equity	146,813	132,388
Other comprehensive income – attributable to quasi-equity - before recycling to statement of income		
Items that will not be classified to income statement	(767)	(155)
Items that may subsequently be classified to income statement	3,305	(44,593)
Add/ (less): net effect of items recycled to income statement	-	-
Other comprehensive income – attributable to quasi-equity - net of recycling to income statement	149,351	87,640
Less: other comprehensive income not subject to immediate distribution	-	-
Other comprehensive income subject to immediate distribution	-	-
Total profit attributable to quasi-equity	149,351	87,640

The accompanying notes 1 to 16 form an integral part of the condensed consolidated interim financial information.

Ithmaar Holding B.S.C.

**Condensed consolidated statement of changes in owners' equity
for the three months period ended 31 March 2024**

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

	Share capital	Treasury shares	Reserves	Accumulated losses	Total owners' equity	Non-controlling interests	Total equity
At 1 January 2024	757,690	(30,149)	114,857	(838,063)	4,335	157,804	162,139
Profit for the period	-	-	-	6,845	6,845	9,075	15,920
Other comprehensive income for the period	-	-	(6,288)	-	(6,288)	137	(6,151)
Total comprehensive income for the period	-	-	(6,288)	6,845	557	9,212	9,769
Movement from dividend distribution by subsidiaries	-	-	-	-	-	(2,426)	(2,426)
Decrease in shareholding of subsidiary	-	-	-	-	-	(17,654)	(17,654)
At 31 March 2024 (Reviewed)	757,690	(30,149)	108,569	(831,218)	4,892	146,936	151,828

	Share capital	Treasury shares	Reserves	Accumulated losses	Total owners' equity	Non-controlling interest	Total equity
At 1 January 2023	757,690	(30,149)	105,780	(828,752)	4,569	131,481	136,050
Profit/ (loss) for the period	-	-	-	(3,006)	(3,006)	5,054	2,048
Other comprehensive income for the period	-	-	(468)	-	(468)	(19,661)	(20,129)
Total comprehensive income for the period	-	-	(468)	(3,006)	(3,474)	(14,607)	(18,081)
Movement from dividend distribution by subsidiaries	-	-	-	-	-	(1,971)	(1,971)
At 31 March 2023 (Reviewed)	757,690	(30,149)	105,312	(831,758)	1,095	114,903	115,998

The accompanying notes 1 to 16 form an integral part of the condensed consolidated interim financial information.

Ithmaar Holding B.S.C.
Condensed consolidated statement of cash flows
for the three months period ended 31 March 2024
(Expressed in thousands of United States Dollars unless otherwise stated)

	Three months ended	
	31 March 2024	31 March 2023
	(Reviewed)	(Reviewed)
OPERATING ACTIVITIES		
Net profit/ (loss) before taxation from:		
Continuing operations	(2,378)	(7,124)
Discontinued operations	40,391	20,191
Adjustments for:		
Depreciation and amortization	4,041	3,990
Share of results after tax from associates	3,379	381
Provision for impairment - net	1,978	1,418
Income from investments	(126,185)	(74,455)
Finance cost on net ijarah liability	1,442	1,386
Loss on sale of property and equipment	(33)	(32)
Operating loss before changes in operating assets and liabilities	(77,365)	(54,245)
Net changes in operating assets and liabilities:		
Balances with banks maturing after 90 days including central banks balances relating to minimum reserve requirement	2,345	(14,837)
Financing assets	3,646	(121,419)
Other assets	(24,274)	(82,843)
Customers' current accounts	(40,981)	28,584
Due to banks, financial and other institutions	373,085	324,764
Due to investors	(552)	(19,114)
Other liabilities	(1,139)	78,254
Quasi equity	82,693	(86,920)
Taxes paid	(25,166)	(18,753)
Net cash generated from operating activities	292,292	33,471
INVESTING ACTIVITIES		
Net changes in:		
Investment securities	(152,677)	(31,577)
Property and equipment	(15,644)	(15,760)
Net cash used in investing activities	(168,321)	(47,337)
FINANCING ACTIVITY		
Repayment of net Ijarah liability	(2,487)	(2,076)
Net cash used in financing activity	(2,487)	(2,076)
Foreign currency translation adjustments	1,376	(19,131)
Net increase/(decrease) in cash and cash equivalents	122,860	(35,073)
Cash and cash equivalents at the beginning of the period	334,639	341,761
Cash and cash equivalents at the end of the period	457,499	306,688
<u>Details of cash and cash equivalents:</u>		
Cash and balances with banks and central banks	54,478	312,242
Commodity and other placements with banks, financial and other institutions	50,604	43,348
Add: Assets classified as held for sale	396,708	-
Less: Placements with original maturing after 90 days and balances with central banks relating to minimum reserve requirement	(44,291)	(48,902)
Cash and cash equivalents at the end of the period	457,499	306,688

The accompanying notes 1 to 16 form an integral part of the condensed consolidated interim financial information.

Ithmaar Holding B.S.C.

**Condensed consolidated statement of changes in off-balance-sheet assets under management
for the three months period ended 31 March 2024**

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

	Shamil Bosphorus Modaraba*	European Real Estate Placements*	US Real Estate Placements*	Total
Balance at 1 January 2024	6,250	10,783	25,236	42,269
Additions	-	-	-	-
Foreign exchange movements	-	(600)	-	(600)
Recoveries/ disposals/ maturities	-	-	-	-
Net increase/ (decrease)	-	(600)	-	(600)
Net income	-	-	-	-
Mudarib's share	-	-	-	-
Fixed agency fee	-	-	-	-
Variable agency fee	-	-	-	-
Total Group's management share	-	-	-	-
Distributions/ withdrawals	-	-	-	-
Balance at 31 March 2024	6,250	10,183	25,236	41,669

	Shamil Bosphorus Modaraba*	European Real Estate Placements*	US Real Estate Placements*	Total
Balance at 1 January 2023	6,250	10,457	25,236	41,943
Additions	-	-	-	-
Foreign exchange movements	-	(92)	-	(92)
Recoveries/ disposals/ maturities	-	-	-	-
Net increase/ (decrease)	-	(92)	-	(92)
Net income	-	-	-	-
Mudarib's share	-	-	-	-
Fixed agency fee	-	-	-	-
Variable agency fee	-	-	-	-
Total Group's management share	-	-	-	-
Distributions/ withdrawals	-	-	-	-
Balance at 31 March 2023	6,250	10,365	25,236	41,851

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

The accompanying notes 1 to 16 form an integral part of the condensed consolidated interim financial information.

Ithmaar Holding B.S.C.

Notes to the condensed consolidated interim financial information for the three months period ended 31 March 2024

1 REPORTING ENTITY

Ithmaar Holding B.S.C. ("Ithmaar" or the "Company") was incorporated in the Kingdom of Bahrain under the Commercial Companies Law and registered with Ministry of Industry and Commerce (MOIC) under Commercial Registration number 15210-20 on 26 October 2016. Formerly, Ithmaar was incorporated as an investment bank on 13 August 1984 and regulated by the Central Bank of Bahrain ("CBB"). Post restructuring over the years, Ithmaar is now licensed by the CBB under Volume 4, Category 1 investment firm.

Dar Al-Maal Al-Islami Trust ("DMIT"), a Trust incorporated in the commonwealth of Bahamas is the ultimate 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, fund management 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 ordinary 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 condensed consolidated interim financial information as quasi equity and off-balance-sheet assets under management. In respect of quasi equity, the investment accountholders authorise the Group to commingle and 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 off-balance-sheet assets under management, 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 off-balance-sheet assets under management.

The Group carries out its business activities through Ithmaar's its head office in Bahrain and its following principal subsidiaries:

	% owned		Country of Incorporation	Principal business activities
	31 March 2024	31 December 2023		
<u>Direct subsidiaries</u>				
Ithmaar Bank B.S.C. (c) (the "Bank")	100	100	Kingdom of Bahrain	Banking
IB Capital B.S.C. (c) (IBC)	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 (FBL) (Note 1)	67	67	Pakistan	Banking
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

*These investments are disclosed as held for sale as at 31 March 2024.

Note 1: The Group owns 67% stake in FBL, through a direct legal ownership of 57% and 10% of indirect ownership of DMIT, held for the beneficial interest of the Bank.

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 31 March 2024, the total consolidated owners' equity of the Group stood at \$4.9 million and its accumulated losses are in excess of its paid-up capital.

During the quarter, the Board of Ithmaar Holding and GFH Financial Group B.S.C. (GFH) have agreed to an overall framework of terms regarding sale of certain assets and liabilities of Ithmaar's corporate banking business in Bahrain and investment assets (the Transaction). The Transaction is subject to the signing of definitive agreements, shareholders and required regulatory approvals. Refer note 16 for details.

The Group's management has also assessed liquidity and equity projections of the remaining entity post implementation of the Transaction for the next twelve months from reporting date of these condensed consolidated interim financial information. Management's assessment includes the following significant assumptions:

- No change in status of sanctioned liabilities and accordingly no repayments;
- Reduction in operating expenses resulting from a leaner entity post Transaction;
- Proceeds from sale of core and non-core assets as per Asset Sale plan;
- Recoveries from non-performing financings;
- Share of profits from real estate and other investments in the remaining entity;
- Stressing the expected behavioral outflows of the liabilities and expected behavioral inflows from assets; and
- Putting in place the necessary liquidity lines in the form of medium term interbank liquidity support facilities.

The Board of Directors has reviewed the above assumptions and events, along with mitigating factors and concluded that there are no material uncertainties related to these events and conditions that may cast significant doubt on the Group's ability to continue as a going concern. Accordingly, the Board of Directors believe that the Group will be able to continue its business without any significant curtailment of operations and will be able to meet its obligations for the next twelve months from the date of reporting of these condensed consolidated interim financial information. Accordingly, this condensed consolidated interim financial information has been prepared on a going concern basis.

Ithmaar Holding B.S.C.
Notes to the condensed consolidated interim financial information
for the three months period ended 31 March 2024

2 BASIS OF PREPARATION AND PRESENTATION

The condensed consolidated interim financial information of the Group has been prepared in accordance with Financial Accounting Standard FAS 41, Interim Financial Reporting ("FAS 41") issued by the Accounting and Auditing Organisation of Islamic Financial Institutions ("AAOIFI").

The condensed consolidated interim financial information of the Group does not contain all information and disclosures required for the annual consolidated financial statements and should be read in conjunction with the Group's audited annual consolidated financial statements for the year ended 31 December 2023. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group's financial position and performance since the last annual consolidated financial statements as at and for the year ended 31 December 2023. Further, results for the interim periods are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2023.

The consolidated financial statements are presented in United States Dollars (\$), being the presentation currency of the Group. All values are rounded to nearest thousand [\$ '000] unless otherwise indicated. The functional currency of the Group is United States Dollars and that of one subsidiary is Pakistani Rupees. Items included in the financial statements of each entity are measured using respective functional currency."

Comparatives

The condensed consolidated interim financial information is reviewed, not audited. The comparatives for the condensed consolidated statement of financial position have been extracted from the audited consolidated financial statements for the year ended 31 December 2023 and comparatives for the condensed consolidated income statement, changes in owners' equity, cash flows and changes in off-balance-sheet assets under management have been extracted from the reviewed condensed consolidated interim financial information for the three months period ended 31 March 2023.

The comparative period balances in the condensed consolidated statement of income has been reclassified to include those operations that have been classified as discontinued in the current period presentation (refer note 16).

2.1 SIGNIFICANT ACCOUNTING POLICIES

The accounting policies and methods of computation applied by the Group in the preparation of the condensed consolidated interim financial information are the same as those used in preparation of the Group's last audited consolidated financial statements as at and for the year ended 31 December 2023, except for those changes arising from adoption of the following standards and amendments to the standards effective from 1 January 2024.

A. Relevant new standards, amendments, and interpretations issued and effective for annual periods beginning on or after 1 January 2024

(i) 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 2024 with an option to early adopt.

The revision of FAS 1 is in line with the modifications made to the AAOIFI conceptual framework for financial reporting. Following are significant changes relevant to the Group:

- a) Definition of Quasi equity is introduced;
- b) Concept of comprehensive income has been introduced;
- c) Disclosure of Zakah and Charity have been relocated to the notes to the financial statements;

During the period, the Group has adopted FAS 1 revised. As a result of this adoption following changes were made to the primary statements of the Group. Below is a summary of the new primary statements:

Primary statements introduced

Statement of other comprehensive income
Statement of income and attribution related to quasi-equity
Statement of changes in off-balance-sheet assets under management

Primary statements discontinued

Statement of sources and uses of good faith qard fund
Statement of sources and uses of zakah and charity fund

As a result of the adoption certain of the prior year figures have been represented and regrouped to be consistent with the current year presentation. Such grouping did not affect previously reported net profit, total assets, total liabilities and total equity of the Group. The Group elected to present statement of income and a statement of other comprehensive income, presented as two separate statements.

2 BASIS OF PREPARATION AND PRESENTATION (continued)

2.1 SIGNIFICANT ACCOUNTING POLICIES (continued)

(ii) FAS 45: Quasi-Equity (Including Investment Accounts)

AAOIFI has issued Financial Accounting Standard (FAS) 45 "Quasi-Equity (Including Investment Accounts)" during 2023. The objective of this standard is to establish the principles for identifying, measuring, and presenting "quasi-equity" instruments in the financial statements of Islamic Financial Institutions "IFIs".

The standard prescribes the principles of financial reporting to participatory investment instruments (including investment accounts) in which an IFI controls underlying assets (mostly, as working partner), on behalf of the stakeholders other than owner's equity. This standard provides the overall criteria for on-balance sheet accounting for participatory investment instruments and quasi-equity, as well as, pooling, recognition, derecognition, measurement, presentation and disclosure for quasi-equity.

This standard shall be effective for the financial reporting periods beginning on or after 1 January 2026 with an option to early adopt.

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

(iii) FAS 46: Off-Balance-Sheet Assets Under Management

AAOIFI has issued Financial Accounting Standard ("FAS") 46 "Off-Balance-Sheet Assets Under Management" during 2023. The objective of this standard is to establish principles and rules for recognition, measurement, disclosure, and derecognition of off-balance-sheet assets under management, based on Shari'a and international best practices. The standard aims to improve transparency, comparability, accountability, and governance of financial reporting related to off-balance-sheet assets under management.

This standard is applicable to all IFIs with fiduciary responsibilities over asset(s) without control, except for the following:

The participants' Takaful fund and / or participants' investment fund of a Takaful institution; and
An investment fund managed by an institution, being a separate legal entity, which is subject to financial reporting in line with the requirements of the respective AAOIFI FAS.

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

(iv) FAS 47: Transfer of Assets Between Investment Pools

AAOIFI has issued Financial Accounting Standard ("FAS") 47 "Transfer of Assets Between Investment Pools" during 2023. The objective of this standard is to establish guidance on the accounting treatment and disclosures for transfers of assets between investment pools that are managed by the same institution or its related parties. The standard applies to transfers of assets that are not part of a business combination, a disposal of a business, or a restructuring of an institution.

The standard defines an investment pool as a group of assets that are managed together to achieve a common investment objective, such as a fund, a portfolio, or a trust. The standard also defines a transfer of assets as a transaction or event that results in a change in the legal ownership or economic substance of the assets, such as a sale, a contribution, a distribution, or a reclassification.

The transfer of assets between investment pools should be accounted for based on the substance of the transaction and the terms and conditions of the transfer agreement. The standard classifies transfers of assets into three categories: transfers at fair value, transfers at carrying amount, and transfers at other than fair value or carrying amount. The standard also specifies the disclosure requirements for transfers of assets between investment pools.

This standard shall be effective for the financial periods beginning on or after 1 January 2026 with an option to early adopt.

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

2.2 ESTIMATES AND JUDGEMENTS

Preparation of condensed consolidated interim financial information requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual result may differ from these estimates. The areas of significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were similar to those applied to the audited consolidated financial statements as at and for the year ended 31 December 2023.

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

3 FINANCING ASSETS

	31 March 2024	31 December 2023
Murabaha and tawarruq financings	481,285	1,502,738
Musharaka financing	-	1,131,764
Istisna financings	-	185,484
Ijarah financing	1,568	1,568
	<u>482,853</u>	<u>2,821,554</u>
Less: Allowance for impairment	(113,490)	(214,980)
	<u>369,363</u>	<u>2,606,574</u>

The movement in allowance for impairment is as follows:

	31 March 2024	31 December 2023
At 1 January	214,980	312,731
Classified as held for sale	(106,269)	-
Charge for the period	25,115	33,559
Write back during the period	(21,887)	(19,056)
Utilised during the period	(213)	(92,972)
Exchange differences	1,764	(19,282)
	<u>113,490</u>	<u>214,980</u>

Ithmaar Holding B.S.C.**Notes to the condensed consolidated interim financial information
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4 INVESTMENT SECURITIES

	31 March 2024	31 December 2023
	Total	Total
Investment securities at fair value through income statement		
Debt-type instruments – unlisted	-	16,601
Equity-type securities – listed	-	5,132
	<u>-</u>	<u>21,733</u>
Investment securities at fair value through equity		
Debt-type instruments – listed	-	147,199
Debt-type instruments – unlisted	-	1,977,609
Equity-type securities – listed	-	19,921
Equity-type securities – unlisted	105,636	180,441
	<u>105,636</u>	<u>2,325,170</u>
Less: Allowance for impairment	(98,633)	(144,501)
	<u>7,003</u>	<u>2,180,669</u>
Investment securities carried at amortised cost		
Debt-type instruments – listed	96,633	96,371
Debt-type instruments – unlisted	-	29,721
	<u>96,633</u>	<u>126,092</u>
Less: Allowance for impairment	-	(5,014)
	<u>96,633</u>	<u>121,078</u>
	<u>103,636</u>	<u>2,323,480</u>

Ithmaar Holding B.S.C.**Notes to the condensed consolidated interim financial information
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4 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.

Investment securities measured at fair value

	Level 1	Level 2	Level 3	Total
At 31 March 2024				
Investment securities at fair value through income statement				
Debt-type instruments	-	-	-	-
Equity-type securities	-	-	-	-
Investment securities at fair value through equity				
Debt-type instruments	-	-	-	-
Equity-type securities	-	-	7,003	7,003
	-	-	7,003	7,003
Investment securities carried at amortised cost				
Debt-type instruments	89,485	-	-	89,485
At 31 December 2023				
Investment securities at fair value through income statement				
Debt-type instruments	16,601	-	-	16,601
Equity-type securities	5,132	-	-	5,132
Investment securities at fair value through equity				
Debt-type instruments	-	2,122,411	-	2,122,411
Equity-type securities	15,514	383	42,361	58,258
	37,247	2,122,794	42,361	2,202,402
Investment securities carried at amortised cost				
Debt-type instruments	89,266	24,748	-	114,014

Ithmaar Holding B.S.C.**Notes to the condensed consolidated interim financial information
for the three months period ended 31 March 2024**

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5 INVESTMENT IN ASSOCIATES

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

Name of entity	31 March 2024	% of Share- holding	31 December 2023	% of Share- holding	Country	Activity
Unlisted:						
Citic International Assets Management Limited	16,228	20	20,072	20	Hong Kong	Asset management
Naseej B.S.C. (c)	-	-	68,231	31	Bahrain	Infrastructure
Faysal Stock Fund	-	-	24	11	Pakistan	Mutual funds
Faysal Islamic Stock Fund	-	-	446	29	Pakistan	Mutual funds
Faysal Halal Amdani Fund	-	-	5,468	4	Pakistan	Mutual funds
Faysal Islamic Financial Growth Fund FISP-1	-	-	401	29	Pakistan	Mutual funds
Faysal Islamic Sovereign Fund FISIP-1	-	-	11	0	Pakistan	Mutual funds
Faysal Islamic Financial Growth Fund - FIFGP-I	-	-	6	5	Pakistan	Mutual funds
	16,228		94,659			

6 OTHER ASSETS

	31 March 2024	31 December 2023
Accounts receivable	59,684	154,681
Due from related parties	106	146
Taxes – current	358	702
Non-current assets held for sale	3,690	4,528
	63,838	160,057
Less: Allowance for impairment	(60,731)	(66,222)
	3,107	93,835

Ithmaar Holding B.S.C.**Notes to the condensed consolidated interim financial information
for the three months period ended 31 March 2024**

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

7 IMPAIRMENT ALLOWANCE**Loss allowance**

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

31 March 2024

	Stage 1	Stage 2	Stage 3	Total
Commodity and other placements with banks, financial and other institutions				
Gross exposure	50,669	-	-	50,669
Less: Allowance for impairment	(65)	-	-	(65)
Net exposure	50,604	-	-	50,604
Financing assets				
Gross exposure	-	374,867	107,987	482,854
Less: Allowance for impairment	-	(65,676)	(47,815)	(113,491)
Net exposure	-	309,191	60,172	369,363
Other assets				
Gross exposure	3,107	-	60,731	63,838
Less: Allowance for impairment	-	-	(60,731)	(60,731)
Net exposure	3,107	-	-	3,107
Total gross exposure	53,776	374,867	168,718	597,361
Less: Total allowance for impairment	(65)	(65,676)	(108,546)	(174,287)
Total Net exposure	53,711	309,191	60,172	423,074

31 December 2023

	Stage 1	Stage 2	Stage 3	Total
Commodity placements with banks, financial and other institutions				
Gross exposure	13,089	-	-	13,089
Less: Allowance for impairment	(112)	-	-	(112)
Net exposure	12,977	-	-	12,977
Financing assets				
Gross exposure	1,874,036	685,859	261,659	2,821,554
Less: Allowance for impairment	(10,158)	(91,902)	(112,920)	(214,980)
Net exposure	1,863,878	593,957	148,739	2,606,574
Other assets				
Gross exposure	35,857	68,036	56,164	160,057
Less: Allowance for impairment	(9,860)	(198)	(56,164)	(66,222)
Net exposure	25,997	67,838	-	93,835
Total gross exposure	1,922,982	753,895	317,823	2,994,700
Less: Total allowance for impairment	(20,130)	(92,100)	(169,084)	(281,314)
Total Net exposure	1,902,852	661,795	148,739	2,713,386

Ithmaar Holding B.S.C.**Notes to the condensed consolidated interim financial information****for the three months period ended 31 March 2024****(Expressed in thousands of United States Dollars unless otherwise stated)****7 IMPAIRMENT ALLOWANCE (continued)**

	31 March 2024	31 December 2023
At 1 January	593,166	713,834
Charge for the period	26,342	48,862
Write back during the period	(24,364)	(32,068)
Utilised during the period	(212)	(115,785)
Exchange differences	2,383	(21,677)
	597,315	593,166

8 QUASI EQUITY CLASSIFIED AS HELD FOR SALE

Quasi equity classified as held for sale comprise:

	31 March 2024	31 December 2023
Modaraba accounts - corporates	640,241	1,405,386
Modaraba accounts - financial institutions	647,839	629,183
Modaraba accounts - individuals	1,556,684	653,993
Wakala from financial institutions	-	57,890
Fair value & foreign exchange translation movement from investments attributable to quasi equity (i)	(24,416)	(26,954)
	2,820,348	2,719,498

The Group utilizes the above funds to invest in the following assets:

	31 March 2024	31 December 2023
Cash and balances with banks and central banks	356,534	311,084
Commodity placements with banks, financial and other institutions	39,928	-
Financing assets	2,179,413	2,169,703
Other assets	12,861	23,907
Investments in equity (i)	231,612	214,804
	2,820,348	2,719,498

(i) Effective 1 January 2023, the unrestricted Modaraba pool of the parent includes an allocation to its investment in subsidiaries as they form part of the income generating pool of assets that support the Modaraba investment accounts. In line with the requirements of Financial Accounting Standards, at the time of preparation of the condensed consolidated interim financial information, foreign exchange translation & fair value reserves arising from consolidation of a foreign subsidiary is attributed to the equity of the investment accountholders. While this attribution is at a consolidated level, the URIA pool considers the net asset value of the investment in subsidiary for the purpose of allocation of assets to Modaraba pools. Any subsequent changes in the value of the net investments is recognised respectively in income statement and equity of the investment accountholders.

Ithmaar Holding B.S.C.

**Notes to the condensed consolidated interim financial information
for the three months period ended 31 March 2024**

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

8 QUASI EQUITY CLASSIFIED AS HELD FOR SALE (continued)

The movement in reserves attributable to quasi equity as follows:

	31 March 2024				
	Investments fair value reserve	Fixed assets fair value reserve	Investment in real estate fair value reserve	Foreign currency translation reserve	Total
At 1 January 2024	13,169	(223)	(442)	(39,458)	(26,954)
Movement in fair value of investment securities	721	-	-	-	721
Movement in fair value of investment in real estate	-	-	281	-	281
Movement in fair value of land and building	-	(767)	-	-	(767)
Foreign currency translation adjustments	(142)	483	(28)	1,990	2,303
At 31 March 2024 (Reviewed)	13,748	(507)	(189)	(37,468)	(24,416)

	31 December 2023				
	Investments fair value reserve	Fixed assets fair value reserve	Investment in real estate fair value reserve	Foreign currency translation reserve	Total
At 1 January 2023					
Movement in fair value of Investment securities	12,266	-	-	-	12,266
Movement in fair value of land and building	-	4,960	-	-	4,960
Foreign currency translation adjustments	903	(5,183)	(442)	(39,458)	(44,180)
At 31 December 2023 (Audited)	13,169	(223)	(442)	(39,458)	(26,954)

Ithmaar Holding B.S.C.**Notes to the condensed consolidated interim financial information
for the three months period ended 31 March 2024**

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

9 SHARE CAPITAL

	Number of shares (thousands)	Share capital
Authorised	8,000,000	2,000,000
Issued and fully paid		
Total outstanding	3,030,755	757,690
Treasury shares	(120,595)	(30,149)
At 31 March 2024 (Reviewed)	2,910,160	727,541
Issued and fully paid		
Total outstanding	3,030,755	757,690
Treasury shares	(120,595)	(30,149)
At 31 December 2023 (Audited)	2,910,160	727,541

Ithmaar's total issued and fully paid share capital at 31 March 2024 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 (AED).

Ithmaar owned 120,595,238 (31 December 2023: 120,595,238) of its own shares at 31 March 2024. The shares are held as treasury shares and Ithmaar has the right to reissue these shares at a later date.

10 RESERVES

	31 March 2024	31 December 2023
Share premium	149,085	149,085
Statutory reserve	42,345	42,345
General reserve	50,727	50,727
Investments fair value reserve	2,890	2,957
Fixed Assets fair value reserve	25,969	26,476
Investment in real estate fair value reserve	3,575	3,005
Foreign currency translation reserve	(166,022)	(159,738)
	108,569	114,857

Ithmaar Holding B.S.C.**Notes to the condensed consolidated interim financial information****for the three months period ended 31 March 2024**

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

11 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:

	31 March 2024				
	Shareholders & Affiliates	Associates and other investments	Directors and related entities	Senior management	Total
Assets					
Financing assets*	373,299	-	-	-	373,299
Investment in associates	-	16,228	-	-	16,228
Other assets	-	-	-	106	106
Assets classified as held for sale	-	78,987	-	-	78,987
Liabilities					
Customers' current accounts	17,862	-	-	-	17,862
Due to banks, financial and other institutions	18,041	-	-	-	18,041
Other liabilities	38	-	-	-	38
Liabilities classified as held for sale	3,939	10,539	-	-	14,478
Quasi equity	26,529	-	-	-	26,529
*Financing assets are gross of ECL general provisions of \$65 million					
Income					
Return to quasi equity	(348)	-	-	-	(348)
Income from financing contracts	942	-	-	-	942
Share of results after tax from associates	-	(2,426)	-	-	(2,426)
Profit paid to banks, financial and other institutions – net	(419)	-	-	-	(419)
Expenses					
General and administrative expenses	(175)	-	(180)	-	(355)

Ithmaar Holding B.S.C.**Notes to the condensed consolidated interim financial information
for the three months period ended 31 March 2024**

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

11 RELATED PARTY TRANSACTIONS AND BALANCES (continued)

	31 December 2023				
	Shareholders & Affiliates	Associates and other investments	Directors and related entities	Senior management	Total
Assets					
Financing assets*	374,833	-	-	-	374,833
Investment in associates	-	94,659	-	-	94,659
Other assets	-	-	-	146	146
Liabilities					
Customers' current accounts	14,290	832	-	-	15,122
Due to banks, financial and other institutions	26,487	13,009	-	-	39,496
Other liabilities	23	-	-	-	23

*Financing assets are gross of ECL general provisions of \$65 million

	31 March 2023				
Income					
Return to quasi equity	(376)	-	-	-	(376)
Income from financing contracts	942	-	-	-	942
Share of results after tax from associates	-	(381)	-	-	(381)
Profit paid to banks, financial and other institutions – net	(360)	-	-	-	(360)
Expenses					
General and administrative expenses	(175)	-	(62)	-	(237)

Ithmaar Holding B.S.C.**Notes to the condensed consolidated interim financial information
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12 BASIC AND DILUTED EARNINGS PER SHARE

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

	<u>Three months period ended</u>	
	<u>31 March 2024</u>	<u>31 March 2023</u>
(Loss)/income attributable to shareholders (\$'000)	6,845	(3,006)
Weighted average number of issued and fully paid up ordinary shares ('000)	2,910,160	2,910,160
Earnings per share (Basic & Diluted) – US Cents	0.24	(0.10)

BASIC AND DILUTED EARNINGS PER SHARE FOR CONTINUING OPERATIONS

	<u>Three months period ended</u>	
	<u>31 March 2024</u>	<u>31 March 2023</u>
(Loss)/income attributable to shareholders (\$'000)	(3,698)	(8,440)
Weighted average number of issued and fully paid up ordinary shares ('000)	2,910,160	2,910,160
Earnings per share (Basic & Diluted) – US Cents	(0.13)	(0.29)

BASIC AND DILUTED EARNINGS PER SHARE FOR DISCONTINUED OPERATIONS

	<u>Three months period ended</u>	
	<u>31 March 2024</u>	<u>31 March 2023</u>
Income attributable to shareholders (\$'000)	10,543	5,434
Weighted average number of issued and fully paid up ordinary shares ('000)	2,910,160	2,910,160
Earnings per share (Basic & Diluted) – US Cents	0.36	0.19

13 CONTINGENT LIABILITIES AND COMMITMENTS CLASSIFIED AS HELD FOR SALE**Contingent liabilities**

	<u>31 March 2024</u>	<u>31 December 2023</u>
Acceptances and endorsements	37,692	46,785
Guarantees and letters of credit	483,418	466,553
Customer and other claims	107,417	104,286
	628,527	617,624

Commitments

	<u>31 March 2024</u>	<u>31 December 2023</u>
Undrawn facilities, financing lines and other commitments to finance	1,296,174	1,214,024

Ithmaar Holding B.S.C.

Notes to the condensed consolidated interim financial information

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14 SEGMENT REPORTING

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.

	31 March 2024			31 March 2023		
	Retail & Corporate banking	Asset Management / Investment Banking	Total	Retail & Corporate banking	Asset Management / Investment Banking	Total
NET RESULTS FROM CONTINUING OPERATIONS						
Profit/ (loss) from continuing operations	(2,231)	(1,467)	(3,698)	(7,268)	(1,172)	(8,440)
NET RESULTS FROM DISCONTINUED OPERATIONS						
Total income	236,785	69	236,854	154,510	(1,952)	152,558
Total expenses	(31,534)	(13,600)	(45,134)	(33,483)	(3,932)	(37,415)
Net operating income before impairment allowances and attribution to quasi equity	205,251	(13,531)	191,720	121,027	(5,884)	115,143
Allowances for impairment and expected credit losses, net	(1,978)	-	(1,978)	(6,782)	(530)	(7,312)
Profit for the period before attribution to quasi equity	203,273	(13,531)	189,742	114,245	(6,414)	107,831
Less: Net income attributable to quasi-equity	(149,351)	-	(149,351)	(87,640)	-	(87,640)
Profit before overseas taxation	53,922	(13,531)	40,391	26,605	(6,414)	20,191
Tax expense	(24,999)	4,226	(20,773)	(9,703)	-	(9,703)
PROFIT FROM DISCONTINUING OPERATIONS	28,923	(9,305)	19,618	16,902	(6,414)	10,488
PROFIT/(LOSS) FOR THE PERIOD	26,692	(10,772)	15,920	9,634	(7,586)	2,048
Attributable to:						
Equity holders of Ithmaar	15,498	(8,653)	6,845	4,989	(7,995)	(3,006)
Minority interests	11,194	(2,119)	9,075	4,645	409	5,054
	26,692	(10,772)	15,920	9,634	(7,586)	2,048
31 December 2023						
Total assets	5,812,173	780,381	6,592,554	5,158,738	945,836	6,104,574
Total liabilities, Quasi equity and total equity	6,409,995	30,731	6,440,726	5,889,936	52,499	5,942,435

Ithmaar Holding B.S.C.

Notes to the condensed consolidated interim financial information

for the three months period ended 31 March 2024

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14 SEGMENT REPORTING (continued)

The Group constitutes of four geographical segments which are Middle East & Others and Asia

	31 March 2024			31 March 2023		
	Middle East & Others	Rest of Asia	Total	Middle East & Others	Rest of Asia	Total
NET RESULTS FROM CONTINUING OPERATIONS						
Profit/ (loss) from continuing operations	(3,698)	-	(3,698)	(8,440)	-	(8,440)
NET RESULTS FROM DISCONTINUED OPERATIONS						
			-			-
Total income	1,670	235,184	236,854	9,232	143,326	152,558
Total expenses	(5,792)	(39,342)	(45,134)	(6,577)	(30,838)	(37,415)
Net operating income before impairment allowances and attribution to quasi equity	(4,122)	195,842	191,720	2,655	112,488	115,143
Allowances for impairment and expected credit losses, net	-	(1,978)	(1,978)	(389)	(6,923)	(7,312)
Profit for the period before attribution to quasi equity	(4,122)	193,864	189,742	2,266	105,565	107,831
Less: Net income attributable to quasi-equity	(5,247)	(144,104)	(149,351)	(5,783)	(81,857)	(87,640)
Profit before overseas taxation	(9,369)	49,760	40,391	(3,517)	23,708	20,191
Tax expense	(226)	(20,547)	(20,773)	(157)	(9,546)	(9,703)
PROFIT FROM DISCONTINUING OPERATIONS	(9,595)	29,213	19,618	(3,674)	14,162	10,488
PROFIT/(LOSS) FOR THE PERIOD	(13,293)	29,213	15,920	(12,114)	14,162	2,048
Attributable to:						
Equity holders of Ithmaar	(12,564)	19,409	6,845	(12,428)	9,422	(3,006)
Minority interests	(729)	9,804	9,075	314	4,740	5,054
	(13,293)	29,213	15,920	(12,114)	14,162	2,048
31 December 2023						
Total assets	1,283,796	5,308,758	6,592,554	1,287,855	4,816,719	6,104,574
Total liabilities, Quasi equity and total equity	1,473,291	4,967,435	6,440,726	1,453,533	4,488,902	5,942,435

15 COMPARATIVE FIGURES

Prior year figures have been regrouped to conform to the current period presentation. Such grouping did not affect previously reported profit for the period or total equity of the Group.

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

16 ASSETS CLASSIFIED AS HELD-FOR-SALE

During the quarter, the Board of Ithmaar Holding and Board of GFH Financial Group B.S.C. ("GFH") have agreed to an overall framework of terms regarding sale of certain assets and liabilities of Ithmaar's corporate banking business in Bahrain and investment assets (the "Transaction"). The Transaction is subject to the signing of definitive agreements, shareholders approval and regulatory approvals. Further, the Transaction is expected to be significant to the overall consolidated financial position of the Group and is expected to yield positive outcomes for all stakeholders of the Group.

Subject to obtaining the required regulatory approvals, Ithmaar and GFH intend for the Transaction value to be calculated based on the value of the assets and liabilities as of 31 March 2024, subject to the agreed upon adjustments, with the Transaction effective date being 1 April 2024.

Based on the Group's assessment of the criteria specified by IFRS 5 "Non-Current Assets Held for Sale and Discontinued Operations", the assets and disposal group subject to the Transaction have been classified as held for sale in the condensed consolidated interim financial information as at 31 March 2024. The Group's assessment was mainly based on the fact that the Group remains committed to the Transaction (after Board's in-principle approval), assets subject to the proposed transaction were available for immediate sale in present condition and the sale was highly probable as at 31 March 2024.

Accordingly, the following assets and liabilities (the "operations") have been classified as held-for-sale as of 31 March 2024:

Assets classified as held-for-sale

Description	Amount
Cash and balances with banks and central banks	357,200
Commodity placements with banks, financial and other institutions	39,651
Financing assets	2,276,092
Investment securities	2,529,648
Investment in associates	78,988
Other assets	119,019
Investment in real estate	184,492
Development properties	159,140
Property and equipment	180,753
Intangible assets	14,596
Total assets	5,939,579

Liabilities and Quasi equity classified as held for sale

Description	Amount
Customers' current accounts	1,503,930
Due to banks, financial and other institutions	1,045,925
Due to investors	8,256
Other liabilities	238,184
Total liabilities	2,796,295

QUASI EQUITY

- Quasi equity classified as held for sale	2,844,764
Fair value & foreign exchange translation movement from investments attributable to quasi equity	(24,416)
Total quasi equity classified as held for sale	2,820,348

Non-controlling interest classified as held for sale	148,498
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Total liabilities and quasi equity and non-controlling interest classified as held for sale	5,765,141
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Ithmaar Holding B.S.C.

**Notes to interim condensed consolidated financial information
for the three months period ended 31 March 2024**

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

16 ASSETS CLASSIFIED AS HELD-FOR-SALE (continued)

These operations have been treated as a single disposal group. The net results of the above operations are included in the interim condensed consolidated income statement

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	31 March 2024	31 March 2023
Net cash from operating activities	263,063	30,124
Net cash used by investing activities	(151,489)	(42,603)
Net cash movement	111,574	(12,479)