

# CONSOLIDATED FINANCIAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2016

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

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

	At 31 December	
	2016 (Audited)	2015 (Audited)
<b>ASSETS</b>		
Cash and balances with banks and central banks	736,033	590,409
Commodity and other placements with banks, financial and other institutions	142,607	270,820
Murabaha and other financings	3,444,588	3,399,770
Musharaka financing	229,960	149,673
Investment in mudaraba	14,425	21,348
Investment in associates	668,403	655,388
Sukuk and investment securities	1,874,782	1,919,430
Restricted investment accounts	79,852	78,651
Assets acquired for leasing	256,204	169,482
Investment in real estate	242,594	256,493
Other assets	361,654	319,437
Fixed assets	112,981	112,389
Intangible assets	177,227	195,351
<b>Total assets</b>	<b>8,341,310</b>	<b>8,138,641</b>
<b>LIABILITIES, EQUITY OF UNRESTRICTED INVESTMENT ACCOUNTHOLDERS, MINORITY INTEREST AND OWNERS' EQUITY</b>		
Customers' current accounts	1,581,113	1,436,335
Due to banks, financial and other institutions	1,141,513	1,639,871
Due to investors	1,903,612	1,752,626
Other liabilities	342,622	320,011
<b>Total liabilities</b>	<b>4,968,860</b>	<b>5,148,843</b>
Equity of unrestricted investment accountholders	2,769,694	2,397,957
Minority interest	175,341	177,618
<b>Total liabilities, equity of unrestricted investment accountholders and minority interest</b>	<b>7,913,895</b>	<b>7,724,418</b>
Share capital	757,690	757,690
Treasury shares	(27,802)	(30,149)
Reserves	218,460	210,894
Accumulated losses	(520,933)	(524,212)
<b>Total owners' equity</b>	<b>427,415</b>	<b>414,223</b>
<b>Total liabilities, equity of unrestricted investment accountholders, minority interest and owners' equity</b>	<b>8,341,310</b>	<b>8,138,641</b>

## CONSOLIDATED STATEMENT OF CHANGES IN OWNERS' EQUITY

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

	Share capital	Treasury shares	Reserves						Total reserves	Accumulated losses	Total owners' equity
			Share premium	Statutory reserve	General reserve	Investments fair value reserve	Investment in real estate fair value reserve	Foreign currency translation			
At 1 January 2016 (Audited)	757,690	(30,149)	149,692	38,090	50,727	9,212	1,586	(38,413)	210,894	(524,212)	414,223
Net income for the year	-	-	-	-	-	-	-	-	-	3,279	3,279
Employee share incentive scheme	-	2,347	(1,030)	-	-	-	-	-	(1,030)	-	1,317
Movement in fair value of sukuk and investment securities	-	-	-	-	-	18,227	-	-	18,227	-	18,227
Movement in fair value of investment in real estate	-	-	-	-	-	-	657	-	657	-	657
Movement in fair value of associates	-	-	-	-	-	(1,739)	-	-	(1,739)	-	(1,739)
Foreign currency translation adjustments	-	-	-	-	-	11	405	(8,965)	(8,549)	-	(8,549)
<b>At 31 December 2016 (Audited)</b>	<b>757,690</b>	<b>(27,802)</b>	<b>148,662</b>	<b>38,090</b>	<b>50,727</b>	<b>25,711</b>	<b>2,648</b>	<b>(47,378)</b>	<b>218,460</b>	<b>(520,933)</b>	<b>427,415</b>

	Share capital	Treasury shares	Reserves						Total reserves	Accumulated losses	Total owners' equity
			Share premium	Statutory reserve	General reserve	Investments fair value reserve	Investment in real estate fair value reserve	Foreign currency translation			
At 1 January 2015 (Audited)	757,690	(30,149)	149,692	38,090	50,727	45,436	457	(25,142)	259,260	(463,415)	523,386
Net loss for the year	-	-	-	-	-	-	-	-	-	(60,797)	(60,797)
Movement in fair value of sukuk and investment securities	-	-	-	-	-	(5,031)	-	-	(5,031)	-	(5,031)
Movement in fair value investment in real estate	-	-	-	-	-	-	1,033	-	1,033	-	1,033
Movement in fair value of associates	-	-	-	-	-	(31,134)	-	-	(31,134)	-	(31,134)
Foreign currency translation adjustments	-	-	-	-	-	(59)	96	(13,271)	(13,234)	-	(13,234)
<b>At 31 December 2015 (Audited)</b>	<b>757,690</b>	<b>(30,149)</b>	<b>149,692</b>	<b>38,090</b>	<b>50,727</b>	<b>9,212</b>	<b>1,586</b>	<b>(38,413)</b>	<b>210,894</b>	<b>(524,212)</b>	<b>414,223</b>

The above Consolidated Statement of Financial Position, Consolidated Income Statement, Consolidated Statement of Changes in Owners' Equity and Consolidated Statement of Cash Flows have been extracted from the Consolidated Financial Statements of Ithmaar Holding B.S.C. (formerly Ithmaar Bank B.S.C.) for the year ended 31 December 2016, which were approved for issue by the Board of Directors on 27 February 2017 and audited by PricewaterhouseCoopers ME Limited, Kingdom of Bahrain, who expressed an unqualified opinion.

HRH Prince Amr Mohamed Al Faisal  
Chairman

Dr. Amani Khaled Bouesli  
Director

Ahmed Abdul Rahim  
CEO

## CONSOLIDATED INCOME STATEMENT

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

	Year ended 31 December	
	2016 (Audited)	2015 (Audited)
<b>INCOME</b>		
Income from unrestricted investment accounts	109,951	95,036
Less: return to unrestricted investment accounts and impairment provisions	(80,231)	(69,143)
<b>Group's share of income from unrestricted investment accounts as a Mudarib</b>	<b>29,720</b>	<b>25,893</b>
Group's share of income from restricted investment accounts as a Mudarib	81	164
Income from murabaha and other financings	152,372	187,092
Share of profit after tax from associates	46,481	33,058
Income from other investments	143,246	179,456
Other income	53,991	52,687
<b>Total income</b>	<b>425,891</b>	<b>478,350</b>
Less: profit paid to banks, financial and other institutions - net	(163,743)	(209,981)
<b>Operating income</b>	<b>262,148</b>	<b>268,369</b>
<b>EXPENSES</b>		
Administrative and general expenses	(162,614)	(160,620)
Depreciation and amortization	(29,489)	(29,791)
<b>Total expenses</b>	<b>(192,103)</b>	<b>(190,411)</b>
<b>Net income before provision for impairment and overseas taxation</b>	<b>70,045</b>	<b>77,958</b>
Provision for impairment - net	(33,302)	(95,025)
<b>Net income/(loss) before overseas taxation</b>	<b>36,743</b>	<b>(17,067)</b>
Overseas taxation	(22,945)	(29,328)
<b>NET PROFIT/(LOSS) FOR THE YEAR</b>	<b>13,798</b>	<b>(46,395)</b>
Attributable to:		
Equity holders of the Bank	3,279	(60,797)
Minority interests	10,519	14,402
	<b>13,798</b>	<b>(46,395)</b>
<b>Basic and diluted earnings per share</b>	<b>USCts 0.11</b>	<b>USCts (2.09)</b>

## CONSOLIDATED STATEMENT OF CASH FLOWS

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

	Year ended 31 December	
	2016 (Audited)	2015 (Audited)
<b>OPERATING ACTIVITIES</b>		
Net income/(loss) before overseas taxation	36,743	(17,067)
<b>Adjustments for:</b>		
Depreciation and amortization	29,489	29,791
Share of profit after tax from associates	(46,481)	(33,058)
Provision for impairment - net	33,302	95,025
Gain on sale of fixed assets	(877)	(1,259)
<b>Operating income before changes in operating assets and liabilities</b>	<b>52,176</b>	<b>73,432</b>
(Increase)/decrease in balances with banks maturing after ninety days and including with central banks relating to minimum reserve requirement	113,110	(64,534)
(Increase)/decrease in operating assets:		
Murabaha and other financings	(56,878)	(20,628)
Musharaka financing	(79,243)	(64,465)
Other assets	(51,564)	(69,319)
Increase/(decrease) in operating liabilities:		
Customers' current accounts	139,577	99,724
Due to banks, financial and other institutions	(501,758)	196,955
Due to investors	140,885	37,691
Other liabilities	16,514	43,646
Increase in equity of unrestricted investment accountholders	370,840	197,178
<b>Net cash provided by operating activities</b>	<b>143,659</b>	<b>429,680</b>
<b>INVESTING ACTIVITIES</b>		
Net (increase)/decrease:		
Investment in mudaraba	6,923	(707)
Investment in associates	-	7,539
Investment in restricted investment accounts	(1,129)	(8,645)
Assets acquired for leasing	(86,722)	(95,909)
Sukuk and investment securities	57,236	(247,912)
Dividend received from associates	18,202	14,513
Purchase of fixed assets	(4,724)	(3,744)
<b>Net cash used in investing activities</b>	<b>(10,214)</b>	<b>(334,865)</b>
<b>FINANCING ACTIVITIES</b>		
Taxes paid	(14,791)	(15,440)
Minority interest	(12,490)	(7,957)
<b>Net cash used in financing activities</b>	<b>(27,281)</b>	<b>(23,397)</b>
Foreign currency translation adjustments	24,123	(5,693)
<b>Net increase in cash and cash equivalents</b>	<b>130,287</b>	<b>65,725</b>
<b>Cash and cash equivalents at the beginning of the year</b>	<b>586,495</b>	<b>520,770</b>
<b>Cash and cash equivalents at the end of the year</b>	<b>716,782</b>	<b>586,495</b>