

INTERIM CONDENSED CONSOLIDATED FINANCIAL RESULTS FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2014

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

	At 30 September 2014 (Reviewed)	At 31 December 2013 (Audited)	At 30 September 2013 (Reviewed)
ASSETS			
Cash and balances with banks and central banks	511,727	595,671	608,273
Commodity and other placements with banks, financial and other institutions	454,450	498,321	458,759
Murabaha and other financings	3,216,836	3,153,645	3,129,021
Musharaka financing	74,404	62,101	44,111
Investment in mudaraba	17,486	20,801	20,801
Investment in associates	683,316	665,066	652,164
Investment securities	1,298,580	1,306,080	908,891
Restricted investment accounts	76,452	77,958	207,130
Assets acquired for leasing	64,835	64,286	65,127
Investment in real estate	343,519	353,308	360,546
Other assets	286,301	267,191	262,440
Fixed assets	115,229	115,164	106,838
Intangible assets	217,352	223,544	226,135
Total assets	7,360,487	7,403,136	7,050,236
LIABILITIES, EQUITY OF UNRESTRICTED INVESTMENT ACCOUNTHOLDERS, MINORITY INTEREST AND OWNERS' EQUITY			
Customers' current accounts	1,294,708	1,270,562	1,176,164
Due to banks, financial and other institutions	1,189,478	1,301,523	1,219,056
Due to investors	1,882,388	1,855,769	1,726,780
Other liabilities	265,853	236,325	235,082
Total liabilities	4,632,427	4,664,179	4,357,082
Equity of unrestricted investment accountholders	1,979,249	1,985,469	1,878,146
Minority interest	215,463	221,920	220,443
Total liabilities, equity of unrestricted investment accountholders and minority interest	6,827,139	6,871,568	6,455,671
Share capital	757,690	757,690	757,690
Treasury shares	(30,149)	(30,149)	(30,149)
Reserves	253,067	252,430	247,844
Accumulated losses	(447,260)	(448,403)	(380,820)
Total owners' equity	533,348	531,568	594,565
Total liabilities, equity of unrestricted investment accountholders, minority interest and owners' equity	7,360,487	7,403,136	7,050,236

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

	Nine months ended		Three months ended	
	30 September 2014 (Reviewed)	30 September 2013 (Reviewed)	30 September 2014 (Reviewed)	30 September 2013 (Reviewed)
INCOME				
Income from murabaha and other financings	165,640	159,602	52,628	54,915
Share of profit after tax from associates	30,651	27,841	8,375	7,902
Income from other investments	90,321	75,146	31,335	22,170
Group's share of income from unrestricted investment accounts as a Mudarib	17,539	17,480	8,203	5,374
Group's share of income from restricted investment accounts as a Mudarib	160	446	52	188
Other income	38,756	32,475	15,754	12,273
Total income	343,067	312,990	116,347	102,822
Less: profit paid to banks, financial and other institutions - net	(166,518)	(162,425)	(54,675)	(49,872)
Operating income	176,549	150,565	61,672	52,950
EXPENSES				
Administrative and general expenses	(124,047)	(119,199)	(38,509)	(39,361)
Depreciation and amortization	(22,575)	(23,263)	(7,550)	(7,708)
Total expenses	(146,622)	(142,462)	(46,059)	(47,069)
Net income before provision for impairment and overseas taxation	29,927	8,103	15,613	5,881
Provision for impairment - net	(19,380)	(16,637)	(8,455)	(6,507)
NET INCOME/(LOSS) BEFORE OVERSEAS TAXATION	10,547	(8,534)	7,158	(626)
Overseas taxation	(5,710)	(3,432)	(4,095)	(3,825)
NET INCOME/(LOSS) FOR THE PERIOD	4,837	(11,966)	3,063	(4,451)
Attributable to:				
Equity holders of the Bank	1,143	(12,788)	1,255	(5,151)
Minority interests	3,694	822	1,808	700
	4,837	(11,966)	3,063	(4,451)
Basic and diluted earnings per share	US Cts 0.04	US Cts (0.44)	US Cts 0.04	US Cts (0.18)

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN OWNERS' EQUITY (All amounts expressed in thousands of United States Dollars unless otherwise stated)

	Share capital	Treasury shares	Reserves							Accumulated losses	Total owners' equity
			Share premium	Statutory reserve	General reserve	Investments fair value reserve	Investment in real estate fair value reserve	Foreign currency translation	Total reserves		
At 1 January 2014 (Audited)	757,690	(30,149)	149,692	38,090	50,727	29,027	1,103	(16,209)	252,430	(448,403)	531,568
Net income for the period	-	-	-	-	-	-	-	-	-	1,143	1,143
Movement in fair value of investment securities	-	-	-	-	-	703	-	-	703	-	703
Movement in fair value of associates	-	-	-	-	-	4,160	-	-	4,160	-	4,160
Movement in deferred tax relating to investment securities	-	-	-	-	-	(57)	-	-	(57)	-	(57)
Transfer to income statement due to disposal of investment securities	-	-	-	-	-	(1,759)	-	-	(1,759)	-	(1,759)
Foreign currency translation adjustments	-	-	-	-	-	23	(51)	(2,382)	(2,410)	-	(2,410)
At 30 September 2014 (Reviewed)	757,690	(30,149)	149,692	38,090	50,727	32,097	1,052	(18,591)	253,067	(447,260)	533,348
At 1 January 2013 (Audited)	701,013	(30,149)	149,692	38,090	50,727	41,782	1,032	(1,883)	279,440	(361,188)	589,116
Increase in share capital	56,677	-	-	-	-	-	-	-	-	-	56,677
Net loss for the period	-	-	-	-	-	-	-	-	-	(12,788)	(12,788)
Movement in fair value of investment securities	-	-	-	-	-	(2,971)	-	-	(2,971)	-	(2,971)
Movement in fair value of associates	-	-	-	-	-	(11,905)	-	-	(11,905)	-	(11,905)
Movement in deferred tax relating to investment securities	-	-	-	-	-	95	-	-	95	-	95
Transfer to income statement due to impairment of investment securities	-	-	-	-	-	19	-	-	19	-	19
Transfer to income statement due to disposal of investment securities	-	-	-	-	-	905	-	-	905	-	905
Foreign currency translation adjustments	-	-	-	-	-	43	(13)	(17,769)	(17,739)	(6,844)	(24,583)
At 30 September 2013 (Reviewed)	757,690	(30,149)	149,692	38,090	50,727	27,968	1,019	(19,652)	247,844	(380,820)	594,565

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

	Nine months ended	
	30 September 2014 (Reviewed)	30 September 2013 (Reviewed)
OPERATING ACTIVITIES		
Net income/(loss) before overseas taxation	10,547	(8,534)
Adjustments for:		
Depreciation and amortization	22,575	23,263
Share of profit after tax from associates	(30,651)	(27,841)
Provision for impairment - net	19,380	16,637
Gain on sale of fixed assets	(953)	(990)
Operating income/(loss) before changes in operating assets and liabilities	20,898	2,535
Balances with banks maturing after ninety days and including with central banks relating to minimum reserve requirement	(47,417)	16,382
(Increase)/decrease in operating assets:		
Murabaha and other financings	(31,837)	(6,647)
Musharaka financing	(12,303)	(2,294)
Other assets	(11,359)	15,647
Increase/(decrease) in operating liabilities:		
Customers' current accounts	4,296	(17,560)
Due to banks, financial and other institutions	(124,872)	(84,154)
Due to investors	(21,065)	(179,846)
Other liabilities	26,489	31,700
Increase/(decrease) in equity of unrestricted investment accountholders	(6,220)	169,674
Net cash used in operating activities	(203,390)	(54,563)
INVESTING ACTIVITIES		
Net (increase)/decrease:		
Investment in mudaraba	3,315	854
Investment in associates	1,440	-
Assets acquired for leasing	(549)	3,034
Investment securities	29,451	157,289
Dividend received from associates	6,304	5,732
Sale/(purchase) of fixed assets	(2,916)	4,430
Investment in real estate	3,452	(576)
Net cash provided by investing activities	40,497	170,763
FINANCING ACTIVITIES		
Taxes paid	(8,657)	(13,252)
Net cash used in financing activities	(8,657)	(13,252)
Foreign currency translation adjustments	(4,651)	(12,088)
Net (decrease)/increase in cash and cash equivalents	(176,201)	90,860
Cash and cash equivalents at the beginning of the period	901,804	771,358
Cash and cash equivalents at the end of the period	725,603	862,218

The above Interim Condensed Consolidated Statement of Financial Position, Interim Condensed Consolidated Income Statement, Interim Condensed Consolidated Statement of Changes in Owners' Equity and Interim Condensed Consolidated Statement of Cash Flows have been extracted from the Interim Condensed Consolidated Financial Information of Ithmaar Bank B.S.C. for the nine month period ended 30 September 2014, which were approved for issue by the Board of Directors and reviewed by PricewaterhouseCoopers ME Limited, Kingdom of Bahrain, who expressed an unqualified review conclusion on 13 November 2014.

HRH Prince Amr Mohamed Al Faisal
Chairman

Abdullellah Ebrahim Al-Qassimi
Director

Ahmed Abdul Rahim
CEO

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