

INTERIM CONDENSED CONSOLIDATED FINANCIAL RESULTS FOR THE THREE MONTHS ENDED 31 MARCH 2016

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

	At 31 March 2016 (Reviewed)	At 31 December 2015 (Audited)	At 31 March 2015 (Reviewed)
ASSETS			
Cash and balances with banks and central banks	587,228	590,409	653,378
Commodity and other placements with banks, financial and other institutions	314,008	270,820	366,734
Murabaha and other financings	3,376,945	3,399,770	3,283,419
Musharaka financing	156,939	149,673	90,386
Investment in mudaraba	16,147	21,348	16,790
Investment in associates	633,670	655,388	673,561
Sukuk and investment securities	1,534,591	1,919,430	1,883,432
Restricted investment accounts	80,146	78,651	70,719
Assets acquired for leasing	194,060	169,482	94,600
Investment in real estate	259,212	256,493	330,238
Other assets	330,148	319,437	269,234
Fixed assets	107,738	112,389	111,580
Intangible assets	191,409	195,351	212,657
Total assets	7,782,241	8,138,641	8,056,728
LIABILITIES, EQUITY OF UNRESTRICTED INVESTMENT ACCOUNTHOLDERS, MINORITY INTEREST AND OWNERS' EQUITY			
Customers' current accounts	1,443,578	1,436,335	1,400,669
Due to banks, financial and other institutions	1,134,565	1,639,871	1,661,779
Due to investors	2,001,515	1,951,441	1,914,482
Other liabilities	324,034	320,011	269,163
Total liabilities	4,903,692	5,347,658	5,246,093
Equity of unrestricted investment accountholders	2,293,224	2,199,142	2,085,604
Minority interest	177,773	177,618	223,782
Total liabilities, equity of unrestricted investment accountholders and minority interest	7,374,689	7,724,418	7,555,479
Share capital	757,690	757,690	757,690
Treasury shares	(30,149)	(30,149)	(30,149)
Reserves	203,007	210,894	234,482
Accumulated losses	(522,996)	(524,212)	(460,774)
Total owners' equity	407,552	414,223	501,249
Total liabilities, equity of unrestricted investment accountholders, minority interest and owners' equity	7,782,241	8,138,641	8,056,728

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

	Three months ended	
	31 March 2016 (Reviewed)	31 March 2015 (Reviewed)
INCOME		
Income from unrestricted investment accounts	24,934	23,815
Less: return to unrestricted investment accounts and impairment provisions	(18,164)	(17,299)
Group's share of income from unrestricted investment accounts as a Mudarib	6,770	6,516
Group's share of income from restricted investment accounts as a Mudarib	41	47
Income from murabaha and other financings	37,285	52,735
Share of profit after tax from associates	9,202	9,916
Income from other investments	36,980	49,876
Other income	12,044	16,584
Total income	102,322	135,674
Less: profit paid to banks, financial and other institutions - net	(40,845)	(52,337)
Operating income	61,477	83,337
EXPENSES		
Administrative and general expenses	(38,259)	(40,846)
Depreciation and amortization	(7,358)	(8,090)
Total expenses	(45,617)	(48,936)
Net income before provision for impairment and overseas taxation	15,860	34,401
Provision for impairment - net	(3,852)	(15,940)
Net income before overseas taxation	12,008	18,461
Overseas taxation	(7,183)	(10,837)
NET INCOME FOR THE PERIOD	4,825	7,624
Attributable to:		
Equity holders of the Bank	1,216	2,641
Minority interests	3,609	4,983
	4,825	7,624
Basic and diluted earnings per share	US Cts 0.04	US Cts 0.09

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 in fair value reserve	Investment in real estate fair value reserve	Foreign currency translation			Total reserves
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 period	-	-	-	-	-	-	-	-	-	1,216	1,216
Movement in fair value of sukuk and investment securities	-	-	-	-	-	392	-	-	392	-	392
Movement in fair value of associates	-	-	-	-	-	(10,907)	-	-	(10,907)	-	(10,907)
Foreign currency translation adjustments	-	-	-	-	-	(20)	20	2,628	2,628	-	2,628
At 31 March 2016 (Reviewed)	757,690	(30,149)	149,692	38,090	50,727	(1,323)	1,606	(35,785)	203,007	(522,996)	407,552
At 1 January 2015 (Audited)	757,690	(30,149)	149,692	38,090	50,727	45,436	457	(25,142)	259,260	(463,415)	523,386
Net income for the period	-	-	-	-	-	-	-	-	-	2,641	2,641
Movement in fair value of sukuk and investment securities	-	-	-	-	-	(1,191)	-	-	(1,191)	-	(1,191)
Movement in fair value of associates	-	-	-	-	-	(18,620)	-	-	(18,620)	-	(18,620)
Foreign currency translation adjustments	-	-	-	-	-	(12)	9	(4,964)	(4,967)	-	(4,967)
At 31 March 2015 (Reviewed)	757,690	(30,149)	149,692	38,090	50,727	25,613	466	(30,106)	234,482	(460,774)	501,249

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

	Three months ended	
	31 March 2016 (Reviewed)	31 March 2015 (Reviewed)
OPERATING ACTIVITIES		
Net income before overseas taxation	12,008	18,461
Adjustments for:		
Depreciation and amortization	7,358	8,090
Share of profit after tax from associates	(9,202)	(9,916)
Provision for impairment - net	3,852	15,940
Gain on sale of fixed assets	(868)	(32)
Operating income before changes in operating assets and liabilities	13,148	32,543
Balances with banks maturing after ninety days and including with central banks relating to minimum reserve requirement	(1,445)	15,407
(Increase)/decrease in operating assets:		
Murabaha and other financings	22,078	15,107
Musharaka financing	(6,977)	(1,216)
Other assets	(1,170)	(9,484)
Increase/(decrease) in operating liabilities:		
Customers' current accounts	5,571	37,389
Due to banks, financial and other institutions	(506,789)	195,851
Due to investors	46,330	(59,563)
Other liabilities	(2,987)	(3,939)
Increase in equity of unrestricted investment accountholders	94,003	83,655
Taxes refunded/(paid)	3,891	(42)
Net cash (used in)/provided by operating activities	(334,347)	305,708
INVESTING ACTIVITIES		
Net (increase)/decrease:		
Investment in mudaraba	5,201	1,749
Investment in restricted investment accounts	(1,553)	(850)
Assets acquired for leasing	(24,578)	(20,357)
Sukuk and Investment securities	387,125	(136,423)
Sale/(purchase) of fixed assets	4,453	(275)
Net cash provided by/(used in) investing activities	370,648	(156,156)
Foreign currency translation adjustments	2,043	(3,544)
Net increase in cash and cash equivalents	38,344	146,008
Cash and cash equivalents at the beginning of the period	586,495	652,242
Cash and cash equivalents at the end of the period	624,839	798,250

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 three month period ended 31 March 2016, 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 May 2016.

HRH Prince Amr Mohamed Al Faisal
Chairman

Abdullelah Ebrahim Al-Qassimi
Director

Ahmed Abdul Rahim
CEO

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