

INTERIM CONDENSED CONSOLIDATED FINANCIAL RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2016

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

	At 30 June 2016 (Reviewed)	At 31 December 2015 (Audited)	At 30 June 2015 (Reviewed)
ASSETS			
Cash and balances with banks and central banks	600,353	590,409	653,411
Commodity and other placements with banks, financial and other institutions	286,264	270,820	265,134
Murabaha and other financings	3,443,292	3,399,770	3,482,075
Musharaka financing	167,433	149,673	125,643
Investment in mudaraba	14,850	21,348	16,881
Investment in associates	647,307	655,388	683,528
Sukuk and investment securities	2,097,647	1,919,430	2,218,929
Restricted investment accounts	80,005	78,651	77,317
Assets acquired for leasing	208,270	169,482	118,823
Investment in real estate	255,879	256,493	328,821
Other assets	373,857	319,437	303,833
Fixed assets	108,302	112,389	114,366
Intangible assets	187,821	195,351	209,134
Total assets	8,471,280	8,138,641	8,597,895
LIABILITIES, EQUITY OF UNRESTRICTED INVESTMENT ACCOUNTHOLDERS, MINORITY INTEREST AND OWNERS' EQUITY			
Customers' current accounts	1,500,673	1,436,335	1,490,890
Due to banks, financial and other institutions	1,596,929	1,639,871	1,885,885
Due to investors	2,076,398	1,951,441	2,022,168
Other liabilities	345,318	320,011	290,268
Total liabilities	5,519,318	5,347,658	5,689,211
Equity of unrestricted investment accountholders	2,357,012	2,199,142	2,177,471
Minority interest	182,637	177,618	221,184
Total liabilities, equity of unrestricted investment accountholders and minority interest	8,058,967	7,724,418	8,087,866
Share capital	757,690	757,690	757,690
Treasury shares	(30,149)	(30,149)	(30,149)
Reserves	204,581	210,894	240,246
Accumulated losses	(519,809)	(524,212)	(457,758)
Total owners' equity	412,313	414,223	510,029
Total liabilities, equity of unrestricted investment accountholders, minority interest and owners' equity	8,471,280	8,138,641	8,597,895

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 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	-	-	-	-	-	-	-	-	-	4,403	4,403
Movement in fair value of sukuk and investment securities	-	-	-	-	-	448	-	-	448	-	448
Movement in fair value of associates	-	-	-	-	-	(5,535)	-	-	(5,535)	-	(5,535)
Foreign currency translation adjustments	-	-	-	-	-	92	50	(1,368)	(1,226)	-	(1,226)
At 30 June 2016 (Reviewed)	757,690	(30,149)	149,692	38,090	50,727	4,217	1,636	(39,781)	204,581	(519,809)	412,313

	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 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	-	-	-	-	-	-	-	-	-	5,657	5,657
Movement in fair value of sukuk and investment securities	-	-	-	-	-	(3,964)	-	-	(3,964)	-	(3,964)
Movement in fair value of associates	-	-	-	-	-	(13,478)	-	-	(13,478)	-	(13,478)
Foreign currency translation adjustments	-	-	-	-	-	(14)	37	(1,595)	(1,572)	-	(1,572)
At 30 June 2015 (Reviewed)	757,690	(30,149)	149,692	38,090	50,727	27,980	494	(26,737)	240,246	(457,758)	510,029

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

	Six months ended		Three months ended	
	30 June 2016 (Reviewed)	30 June 2015 (Reviewed)	30 June 2016 (Reviewed)	30 June 2015 (Reviewed)
INCOME				
Income from unrestricted investment accounts	52,159	45,884	27,225	22,069
Less: return to unrestricted investment accounts and impairment provisions	(37,465)	(34,054)	(19,301)	(16,755)
Group's share of income from unrestricted investment accounts as a Mudarib	14,694	11,830	7,924	5,314
Group's share of income from restricted investment accounts as a Mudarib	81	87	40	40
Income from murabaha and other financings	74,736	100,687	37,451	47,952
Share of profit after tax from associates	19,624	29,949	10,422	20,033
Income from other investments	81,627	94,077	44,647	44,201
Other income	23,511	26,992	11,467	10,408
Total income	214,273	263,622	111,951	127,948
Less: profit paid to banks, financial and other institutions - net	(81,615)	(106,022)	(40,770)	(53,685)
Operating income	132,658	157,600	71,181	74,263
EXPENSES				
Administrative and general expenses	(80,971)	(81,019)	(42,712)	(40,173)
Depreciation and amortization	(15,021)	(14,932)	(7,663)	(6,842)
Total expenses	(95,992)	(95,951)	(50,375)	(47,015)
Net income before provision for impairment and overseas taxation	36,666	61,649	20,806	27,248
Provision for impairment - net	(9,111)	(30,004)	(5,259)	(14,064)
Net income before overseas taxation	27,555	31,645	15,547	13,184
Overseas taxation	(15,595)	(18,604)	(8,412)	(7,767)
NET INCOME FOR THE PERIOD	11,960	13,041	7,135	5,417
Attributable to:				
Equity holders of the Bank	4,403	5,657	3,187	3,016
Minority interests	7,557	7,384	3,948	2,401
	11,960	13,041	7,135	5,417
Basic and diluted earnings per share	US Cts 0.15	US Cts 0.19	US Cts 0.11	US Cts 0.10

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

	Six months ended	
	30 June 2016 (Reviewed)	30 June 2015 (Reviewed)
OPERATING ACTIVITIES		
Net income before overseas taxation	27,555	31,645
Adjustments for:		
Depreciation and amortization	15,021	14,932
Share of profit after tax from associates	(19,624)	(29,949)
Provision for impairment - net	9,111	30,004
Gain on sale of fixed assets	(845)	(1,069)
Operating income before changes in operating assets and liabilities	31,218	45,563
Balances with banks maturing after ninety days and including with central banks relating to minimum reserve requirement	(6,556)	(52,195)
(Increase)/decrease in operating assets:		
Murabaha and other financings	(46,495)	(39,258)
Musharaka financing	(17,311)	(36,523)
Other assets	(66,807)	(12,046)
Increase/(decrease) in operating liabilities:		
Customers' current accounts	61,719	127,541
Due to banks, financial and other institutions	(45,424)	420,039
Due to investors	119,222	47,920
Other liabilities	17,438	15,662
Increase in equity of unrestricted investment accountholders	157,844	175,343
Taxes paid	(1,511)	(5,120)
Net cash provided by operating activities	203,337	686,926
INVESTING ACTIVITIES		
Net (increase)/decrease:		
Investment in mudaraba	6,499	1,659
Investment in restricted investment accounts	(1,378)	(7,302)
Assets acquired for leasing	(38,788)	(79,654)
Sukuk and investment securities	(176,174)	(478,318)
Dividend received from associates	18,202	13,869
Sale/(purchase) of fixed assets	2,055	(830)
Investment in real estate	-	(2,084)
Net cash used in investing activities	(189,584)	(552,660)
FINANCING ACTIVITIES		
Minority interest	-	(5,295)
Net cash used in financing activities	-	(5,295)
Foreign currency translation adjustments	4,088	2,507
Net increase in cash and cash equivalents	17,841	131,478
Cash and cash equivalents at the beginning of the period	586,495	522,351
Cash and cash equivalents at the end of the period	604,336	653,829

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 six month period ended 30 June 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 10 August 2016.

HRH Prince Amr Mohamed Al Faisal
Chairman

Dr. Amani Khaled Bouresli
Director

Ahmed Abdul Rahim
CEO

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